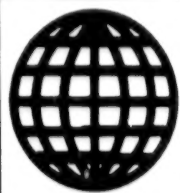


JPRS-NEA-92-147

30 October 1992



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# ***JPRS Report***

# **Near East & South Asia**

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***INDIA***

# Near East & South Asia

## INDIA

JPRS-NEA-92-147

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30 October 1992

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## International Affairs

### Tacit Approval Given for U.S.-Taiwan Deal

93AS0074A Calcutta *THE TELEGRAPH* in English  
24 Sep 92 p 4

[Article: "Delhi Gives the Nod to U.S. Deal With Taiwan on F-16s"]

[Text] New Delhi, Sept. 23: For reasons of regional power-balance, Taiwan's purchase of 150 F-16 fighter aircraft from the United States has met India's tacit approval. India's nod is guided by her threat perception from China; New Delhi feels the arming of Taiwan will keep Beijing in check.

The U.S. delegation led here by the undersecretary of state for defence, Mr. James Lilley, was, in fact, pleasantly surprised by the Indian reaction which indicated a congruence of views on China.

Even while they are trying to improve relations with China in their own way, both India and the United States feel China's ambitions need to be "reined," though not necessarily by annoying it. China reacted angrily to the F-16 shipment to Taiwan and the Bush Administration rushed a senior official post-haste to soothe ruffled feathers in Beijing even as it stuck by the deal with Taiwan.

The common concerns of India and the United States also arise from the axis China is fast building with Islamic nations, particularly Iran and Pakistan. Chinese arms sales in both countries over last year have raised apprehensions, particularly since these sales include nuclear reactors to Iran.

China has also been negotiating with Iran, Egypt and Bangladesh for the sale of 300 MW nuclear power stations. Although China maintains the transfer of nuclear technology to Iran and other countries in the region, the danger of their being used to further nuclear weapons programmes persists. Of late, there has also been talk of the emergence of an embryonic alliance between China and the Islamic countries in the region.

Although there has been no official word on it, it is reliably learnt that China and the question of regional security figured prominently in talks Mr. Lilley had with senior defence officials here.

Among the issues that came up was the megaton nuclear blast carried out by the Chinese during the visit of President R. Venkataraman to Beijing this summer. Both India and the United States feel that the timing of the blast was not only a signal to the West that China intends to go ahead with its nuclear programme but also a message that China is the unchallenged Asian giant. Significantly, the Chinese nuclear blast came hard on the heels of her agreement in-principle to sign the Nuclear Nonproliferation Treaty (NPT).

Signing the NPT would, if nothing else, subject horizontal transfer of nuclear technology from China to stringent international checks and that is an area India has a keen eye on.

Though denied, there has been intense international speculation about China aiding Pakistan's nuclear weapons programme; China is currently helping Pakistan build a nuclear power plant and insists its aid is only for peaceful purposes.

### Higher Priority for Foreign Policy Urged

BK230140792 Delhi *THE HINDUSTAN TIMES*  
in English 19 Oct 92 p 13

[Commentary H.K. Dua: "Foreign Policy With a Begging Bowl"]

[Text] Does India have a place in the world commensurate with her size and potential? Forty-five years after Independence, an answer to this question creates an uneasy feeling. Most discerning people are increasingly realising that India does not enjoy in the world the respect it should have now.

Unfortunately our leaders, whether in the government or in the Opposition, do not seem to be much bothered about the diminishing role India is playing in international affairs. This indifference to the nation's place in the world is not because of any lack of status-consciousness among our political leaders but because of their narrow vision and absorption in the domestic mess which they themselves have created. They could have been forgiven for their shrinking worldview if they were really engaged in the task of nation-building. Unable to look beyond a few miles or the immediate, our political leaders have virtually stopped thinking about the massive changes that have been sweeping across the world or are likely to occur during the next few years. To expect them to think of a foreign policy to match these changes would be to expect them to do something beyond their capability.

It is not that India is suffering from a Middle Kingdom syndrome. Our political elite realises that the sun does not revolve around India, but its inertia seems to have overtaken it. What is evident is a callous unconcern for the country's dwindling prestige abroad. Maybe it is too much to expect from our leaders to have a foreign policy befitting a nation of as many as 850 million people. The reigning philosophy in New Delhi in fact questions why India should necessarily play a role in international affairs at all. This perhaps is not the deeply-held view but an attempt to rationalise the marginal role India is playing these days. It implies a sort of the recognition of the insignificant position India has been reduced to during the last two decades.

Maybe preoccupation with domestic problems has made Indians inward-looking, insular, perhaps anxious over being ignored by the rest of the world. Political instability during the last few years has taken its toll in the country's failure to evolve a coherent and dynamic foreign policy. The situation in Punjab and Kashmir, the



internal strife in other parts of the country, a slow-growth economy and endless controversies over petty issues have all been diverting its attention from the essential tasks aimed at building a nation and securing a better place in the world.

There is a link between the two. Who will, after all, take a nation seriously which willy-nilly changes its government every alternate year, where every village presents a picture of disunity, where caste and religious differences keep it bogged down in daily acrimony? The only time India makes news abroad is when it is hit by a natural calamity, widespread riots, or a political upheaval or when the World Bank and the International Monetary Fund meet to throw some crumbs.

Little do our leaders realise that a nation weakened by divisions at home and flaunting the begging bowl as a national symbol abroad cannot earn the esteem it might have been craving for. Whatever the politicians might say or the bureaucrats glibly rationalise, the nations which have got hooked to living on borrowed money simply cannot have an independent foreign policy, least of all command respect from others.

India no longer wields at the United Nations the same influence it used to a few years ago. Our Minister of State for Foreign Affairs, Mr. Eduardo Faleiro, who represented India at the United Nations a few days ago, asked for a permanent seat for India at the Security Council. It was an impromptu request that Mr. Faleiro made to voice a national wish. What he did not realise—perhaps innocently—is that he had neither a studied brief from the Government nor the diplomatic strength of a nation to back the demand for the special status at the UN. Official claims notwithstanding, those who went to Jakarta themselves know that India was not performing a leadership role at the Nonaligned Summit. It was perhaps out of tune with many an event at the summit.

You can blame neither the present government nor the governments that preceded it for the vacuity of our foreign policy. The failure perhaps is national. Those whose job is to take decisions, the opinion-makers or the entire political establishment have to work out a foreign policy that is aimed at promoting the national interest. This would involve working out a foreign policy that would negotiate through the immediate difficulties India is facing vis-a-vis the rest of the world, keeping at the same time a long-term perspective. To evolve such a foreign policy would need a clear vision and considerable skill.

The challenges before Indian foreign policy are going to be fairly serious, considering our shortcomings and years of neglect. It must be acknowledged that India is under pressure and this is partly an outcome of the changes the world has experienced during the last few years.

The Soviet Union has collapsed. The world is not unipolar as has been projected after the Gulf war; India nevertheless does not enjoy the bargaining power it ties with Moscow gave it for years. Even before the Soviet Union disintegrated, its attitude towards India had

changed, but New Delhi was slow in recognising the new realities. And now the new Russia, caught in its own problems which perhaps are more serious than those of India, cannot and should not be seen as a power to lean on. Moscow will be instead keen on accommodating the West's wishes even at the cost of causing annoyance in India.

India has to be on its own to find its way through the emerging scenario. In the long-term, India has to work out an independent foreign policy that will give it more elbow room than what it has now. It should aim at peace in the neighbourhood, so that India does not have to fight another war which can inflict misery on the sub-continent and distract attention from the key talks of economic development. The new foreign policy should also take into account the strategic environment beyond the immediate neighbourhood of South Asia and China. A peaceful climate continues to be important for fighting the battle against poverty and building a strong India.

Immediately, the foreign policymakers have to ensure that the world develops a greater understanding and perhaps a vested interest in Indian unity and territorial integrity. It is under strain in Punjab, where the situation is improving, and in Kashmir, where the threat is serious. Competent diplomacy is supposed to earn security and promote national goals without fighting wars.

India is under pressure on other counts also. The United States, Japan, Germany, and Russia are making demands that India should either sign the Nonproliferation Treaty or accept some other arrangement envisaging nonproliferation in South Asia. The idea simply is to make India give up its nuclear option. The powers which want India to give up its nuclear option also want it to accept the rigours of the Missiles Technology Control Regime and cut its defence spending.

These demands are coming from the countries which wield considerable economic and political clout in the world. Although one has begun to hear different voices on foreign policy, the predominant view in Mr. P.V. Narasimha Rao's government favours India's keeping its nuclear option open and not to submit to the pressures for accepting restrictions on the development and transfer of missiles. On defence expenditure, the divergence between the Western and Indian views is also not noticeable. The developed countries think India is spending more on arms and in the process depriving itself of funds that could be used for development. New Delhi holds the opposite view.

Defence versus development is as old a debate as swords and ploughshares and is unlikely to be resolved easily when the Kashmir question has again become hot and Pakistan is known to be encouraging terrorism from across the border. India is feeling that Pakistan is deliberately needling it in Punjab and Kashmir and as such it cannot accept the Western pleas for cuts in defence expenditure. The noises being made in Washington, Bonn, Paris and Tokyo on this account are, however,

going to create more difficulties soon for India, and New Delhi may not be able to brush them aside.

The Group of Seven is virtually telling India that it cannot continue resisting nonproliferation proposals, step up its missiles programme or retain the present level of defence spending. And if it continues to do so, it risks cuts in the flow of loans, investments and technology.

India has already accepted suggestions to liberalise its economy, throwing the doors wide open to foreign investors, but is finding it hard to accept these demands. The challenge for the country is to work out a foreign policy on which there is a consensus in the country and which advances national interest. India will have to tackle the pressures with finesse. The situation need not cause India to curse itself for its past mistakes or the neglect of the essentials that help a nation itself decide its foreign policy.

The situation, even if it is not to India's liking, may in fact be throwing up an opportunity for exploring creative possibilities in foreign policy. India can still advance national interests without going under.

#### **Faleiro 25 Sep Speech in UN Reported**

93AS0076A Bombay THE TIMES OF INDIA  
in English 26 Sep 92 p 17

[Article: "India's Call To Curb Terrorism"]

[Text] United Nations, Sept. 25. Without naming any country but obviously referring to Pakistan, India today asked the United Nations to "vigorously oppose" terrorism aided, abetted and sponsored from abroad, for it is the most vicious form of human rights violation, reports PTI.

"Such sponsorship is against the principles of the UN charter," the minister of state for external affairs, Mr. Eduardo Faleiro, told the UN General Assembly.

Pakistan is known to be training, arming and funding terrorists in Kashmir and Punjab and insists on a plebescite in J and K [Jammu and Kashmir].

Referring to the issue of self-determination, Mr. Faleiro said the principle applied only to people under colonial or alien rule or foreign occupation but it was not valid for integral parts of sovereign nations.

On the economic front, he said the UN should continue to have a central role in macro economic policy formulation and implementation for it was the only forum for reaching international consensus on development.

"Any effort to assign only a complementary role to the United Nations in the economic and social field is, in fact, contrary to the charter," he said.

Reminding the developed world that socio-economic progress in the developing countries would enrich their prosperity, Mr. Faleiro described the tendency to impose non-economic conditionalities in international development assistance as "disquieting."

The minister said world economy was integrating both globally and regionally but in the process the needs of developing countries were not finding attention.

Nonproliferation of nuclear weapons, Mr. Faleiro said, was a laudable objective but there should be no discrimination between nuclear weapon and non-nuclear weapon states so far as rights and obligations are concerned.

The "spatial spread" of nuclear arsenals, he said, has "nuclearised" the globe and the international community's effort should be directed towards this global menace.

"As a part of it, regional nonproliferation can be considered within the context of a properly specified region and taking into account the security concerns of the countries of the region whose prior agreement should be available," he said.

He also called for a convention on non use of nuclear weapons, a verifiable freeze on the production of fissionable material for weapon purposes, suspension of nuclear weapon tests and negotiations on general and complete disarmament.

#### **Papers Report, Comment on Nonaligned Meet**

##### **Rao Speech Summarized**

93AS0046A Bombay THE TIMES OF INDIA  
in English 3 Sep 92 pp 1, 13

[Article by K.T.R. Menon: "Rao Calls for Disarmament"]

[Text] Jakarta, September 2. The Prime Minister, M.P.V. Narasimha Rao, today called upon the non-aligned movement (NAM) to put forward "an attainable agenda for a world beyond deterrence" which could be brought into being this century itself.

As an immediate step, he suggested a convention of the "non-use of usable weapons, a verifiable freeze on production of fissionable material for weapons purposes, suspension of nuclear weapon tests and negotiations on general and complete disarmament which should be undertaken through appropriate mechanisms between countries."

He welcomed the successful completion of the chemical weapons convention in Geneva. It was a multilateral instrument with all state parties assuming equal obligations and responsibilities, "a pattern we would like to adopt for all weapons of mass destruction," he said.

Addressing the summit, the Prime Minister noted that the movement was at present "uniquely placed to forge a global consensus on issues of global concern." The foremost concern was human survival which could not be assured so long as weapons of mass destruction existed on the planet. "The world has to become nuclear-weapon free and then go on to complete disarmament adopting nonviolence as its creed and credo," he said.

Mr. Rao's 25-minute speech, which was greeted with applause, covered a wide range of issues, including the continued relevance of NAM, the need for restructuring of the UN giving concrete shape to Rajiv Gandhi's proposal for a planet protection fund, a just and equitable new world order, the importance of north-south as well as south-south cooperation, unfair loan conditionalities and restrictions on trade and technology transfer and the need for a proper approach to the concept of human rights.

In an obvious reference to the raising of the Kashmir question by Mr. Nawaz Sharif, yesterday, Mr. Rao stressed the need to ensure that bilateral disputes among member-nations of NAM were not allowed to divert the movement's attention from the main problems it faced. Despite differences between individual members, NAM had endured, "mainly because it concentrates on global issues and raises the combined voice of humankind, rather than frittering away its energies on bilateral disputes which would have spelt disaster to its very existence long ago," he said.

"Can we agree to put aside vexed and contentious issues while we attend to first things first?" he asked. If every member agreed to do so, the resources and energy so saved could take the movement closer to its objectives, he added.

Mr. Rao expressed concern at the growing tendency to attach non-economic conditionalities to bilateral and even multilateral assistance and the increasingly stringent restrictions being imposed on transfer of technology to developing countries.

"The ever-growing list of items subjected to the so-called dual use restrictions effectively threatens to deprive developing countries of the fruits of technological progress in many key areas. Such restrictions have come to cover everything from computers to machine tools to specialised alloys to chemicals and even to medical equipment. They are imposed in the name of preventing proliferation, even though the major responsibility for proliferation often rests with the very countries that are imposing restrictions. This is extremely unfair," Mr. Rao stated.

Regretting the "decline of multilateralism," he said the developing nations would have to reactivate the consultative mechanisms at all multilateral fora so that their voice was not muffled. It was possible to build a coalition which advanced their legitimate interests and enabled NAM to play the role of an effective interlocutor. The way they managed to sustain their own agenda at the UNCED [United Nations Conference on Environment and Development] meet in Rio De Janeiro was a pointer in this direction, he added.

The Prime Minister called for restructuring of the UN, with democratisation being given top priority. While it was true that the UN was more effective than ever before despite a "tendency to subordinate the global agenda to narrow national concerns," there was still scope for improvement.

The security council's actions should be more responsive to the voice of the majority so that the UN rose to the expectation of the changing world, he said [words illegible] general had also [word illegible] a more critical link between the policies laid down by different organs and their implementation, he added.

In an apparent reference to critical remarks by organisations like Amnesty International about the situation in Punjab and Kashmir, the Prime Minister stated: "Many among us face a predicament where human rights are emphatically urged only for practitioners of terrorism or secessionism, while governments dealing with this menace are accused of violation of human rights. This blatant distortion cannot be countenanced. Freedom from fear, from any quarter whatever, must inform any meaningful definition of human rights."

Underscoring the importance of a balanced approach to environmental protection and development, Mr. Rao urged NAM to establish a mechanism to make concrete proposals for the establishment of a planet protection fund as suggested by Mr. Rajiv Gandhi. He said developing countries should embark on a research and development programme in priority areas of concern to themselves as part of a collective endeavour.

Mr. Rao called upon NAM countries to ensure the new world order was not based on inherent inequality, intrusive politics or discriminatory regimes. "We must insist on fashioning our own destiny with our own hands. This is the real bottomline," he said.

While imperialism and old-style colonialism had disappeared, developing nations faced new problems like the great disparity between the rich and poor nations and those arising from environmental degradation. The current summit would have to carve out a new role for NAM in this context, he added.

The Prime Minister advocated a "non-confrontationist, yet decisive," north-south dialogue and closer south-south cooperation. The developing countries should learn to recognise their own capacity and not get carried away by the glamour of developed countries. "The south must respect the south as a first step towards south-south cooperation," he added.

Mr. Rao expressed anguish at the civil war and famine in Somalia and wondered whether it would be feasible to set up a stand-by force of NAM volunteers (non-military) to assist people in distress. He hoped leaders of Cambodia and Afghanistan would soon be able to restore peace in their countries.

**PTI adds:** Afghanistan today objected to Pakistan raising the Kashmir issue at the summit.

#### More on Rao Speech

93AS0046B Madras THE HINDU in English 3 Sep 92  
p 1

[Article by Malini Parthasarathy: "PM Deplores Raising of Bilateral Issues at NAM"]



[Text] Jakarta, Sept. 2. Prime Minister P.V. Narasimha Rao today unveiled India's view of the role of the nonaligned movement in the new international context as one emphasising greater cooperation among its members in the face of the eroding commitment to multilateralism. The NAM needed, he said, to return to the "overarching solidarity and adherence to a shared vision" which had given the movement its original strength and mission.

"The decline of multilateralism is a matter of concern. If we are to halt this slide into a world of persistent monologue it will be necessary to reactivate our consultative mechanisms at all multilateral fora so that our voice does not get muffled," the Prime Minister said in his address to the plenary session of the NAM summit here. Evidently in the context of the pressures being placed on the developing countries in the arenas of international trade, of disarmament and of the environment, of which India has had its own experience, the Prime Minister suggested a coalition of the NAM members of developing countries that could help the movement be an "effective interlocutor."

"It is possible to build a coalition that advances our legitimate interests on different issues and enables our movement to play the role of an effective interlocutor," he said. Recalling the success of the developing countries in sustaining their own agenda at the UN conference on the environment at Rio, the Prime Minister said that this was a pointer to what was possible if the NAM members "function purposefully."

In what was an implicit reference to the tendency to raise bilateral issues, of which Pakistan's raising the Kashmir issue on Tuesday was one reflection and the attempt being made in the political committee to push through a concept of a conflict solving mechanism in inter-country disputes, the Prime Minister said the NAM should concentrate on global issues. Suggesting that the movement had endured because it had not allowed the differences between individual members to obscure its global focus, the Prime Minister said: "So the movement moves on mainly because it concentrates on global issues and raises the combined voice of humankind rather than frittering away its energies in bilateral disputes within itself which would have spelt disaster to its very existence long ago."

The movement, he said, "should seek to consolidate the areas of agreement and eschew those of disagreement with a conscious and determined effort, allowing greater cooperation between nations in various ways."

The nonaligned movement was "equally relevant today," Mr. Rao said in the context of "the other dangers lurking in the shadow, dangers to which developing societies are particularly prone." The developing countries "must insist on fashioning" their "own destiny" with their own hands. That was "the real bottom line." He said that he disagreed with the belief expressed by some countries that the nonaligned countries were faced today with a power structure which allowed them little

room for manoeuvre. "We are better placed than before in many respects," he said pointing out that over the last three decades the developing countries had managed to develop their own technological economic and human resources.

In what reflected India's own experience of a sense of increasing vulnerability to the external environment because of its new economic policies, the Prime Minister observed that the movement was meeting at a time when most developing countries had adopted policies providing greater scope for enterprise, innovation and the operation of market forces. The fortunes of these countries were now linked more directly to the external economic environment. In this context, he restated India's reservations on the growing tendency to attach non-economic conditionalities to bilateral and multilateral assistance as also the "increasingly stringent restrictions being imposed on transfers of technology to developing countries."

In an apparent reference to the cryogenic engine controversy and the sharp reaction of the United States, Mr. Rao said that the increasing list of items subjected "to so-called dual use restrictions effectively threatens to deprive the developing countries of the fruits of technological progress in many key areas." He evidently had in mind the pressures being put on India's space programme. The restrictions sought to be imposed, he said, were imposed in the name of preventing proliferation, "even though the major responsibility for proliferation often rests with the very countries that are imposing the restrictions." This was "extremely unfair," he said.

Mr. Narasimha Rao said that "at the risk of sounding old-fashioned" he believed that a "non-confrontationist yet decisive North-South dialogue" was needed today. Only a dialogue, and that too not just a dialogue between Governments but involving the youth on both sides would "bring home the fact of interdependence and the indispensability of viable solutions," he said. In his meeting with the UN Secretary General on Tuesday, the Prime Minister is understood to have made a similar suggestion that such a conference with an emphasis on the external economic environment be convened under the auspices of the United Nations.

The only suggestion that the Prime Minister made of a political nature in terms of the NAM's direction was to say that the democratisation of the UN was the first priority. The actions of the Security Council, he said, "should be more responsive to the voice of the majority so that the United Nations comes up to the expectations of the changing world." The Security Council should be strengthened by enlarging it while the General Assembly ought to be made more powerful "not merely to represent the changes in its membership but the significant character of its composition."

In an interesting emphasis on the possibility of non-political or what was characterised as humanitarian action, as for instance demonstrated in the sending of medicines and food supplies to the besieged people of

Iraq, the Prime Minister made a proposal today for a "stand by force of NAM volunteers" that would be "non-military in nature." Referring to the civil war in Somalia, Mr. Rao said that such "stark horrors" provoked the idea of such a force that would be ready to assist member States of the movement with willing and dedicated manpower in situations of crisis "where the humanitarian dimension transcends any other."

The Prime Minister reiterated India's concern over the tendency to impose norms on human rights and disarmament. On human rights he said: "Many of us face a predicament where human rights are emphatically urged only for the practitioners of terrorism or secessionism while Governments dealing with this menace are accused of violation of human rights." On disarmament, he reiterated India's proposal for a convention on the non use of usable weapons, a verifiable freeze on the production of fissionable material for weapons purposes and suspension of nuclear weapons tests.

Mr. Narasimha Rao revived the proposal made by the late Rajiv Gandhi at the Belgrade summit for a Planet Protection Fund which placed on all countries except the least developed an obligation to assess and develop environment-friendly technologies. He suggested that the NAM establish a mechanism to make concrete recommendations for the establishment of such a fund or arrangement.

#### Talks With Khaleda Zia

93AS0046C Madras *THE HINDU* in English 3 Sep 92  
p 1

[Article: "Rao, Khaleda Discuss Bilateral Issues"]

[Text] Jakarta, Sept. 2. Prime Minister P.V. Narasimha Rao today met his Bangladeshi counterpart, Begum Khaleda Zia, and discussed bilateral issues including repatriation of Chakma refugees and illegal immigration of Bangladeshi nationals into India.

During the discussions, Begum Zia appreciated the way Tin Bigha was transferred to Bangladesh and said this had improved goodwill between the two countries. She invited Mr. Rao to visit Bangladesh.

An official spokesman said the two leaders also discussed sharing of river water for which a committee of experts had been set up following the Water Resources Minister, Mr. V.C. Shukla's visit to Bangladesh.

The two leaders reviewed matters relating to SAARC [South Asian Association for Regional Cooperation] as Bangladesh was taking over as its chairman in December.

The Prime Minister also met Prince Norodom Sihanouk of Cambodia, the President of Senegal, Mr. Abdou Diouf, and the Vietnamese President, Mr. Vo Chi Cong.

Prince Sihanouk briefed Mr. Rao on the internal situation in Cambodia and appreciated the role India was playing in stabilising the situation through the United Nations.—PTI

#### Talks With Chinese Foreign Minister

93AS0046D Madras *THE HINDU* in English 3 Sep 92  
p 9

[Article by Malini Parthasarathy: "China Told of Problems in Indo-Pak Ties"]

[Text] Jakarta, Sept. 2. The Minister of State for External Affairs, Mr. R.L. Bhatia met the Chinese Foreign Minister, Mr. Qian Qichen today. In this meeting, Mr. Bhatia expressed India's sense of having difficulties in its relationship with Pakistan in contrast to the perceived improvement in other bilateral relationships.

Mr. Bhatia said today that he had pointed out that although there were problems in the Sino-Indian relationship, there was an effort to improve other aspects of the bilateral relationship but that did not seem possible in the case of the relationship with Pakistan. In spite of the several meetings at the various official levels, the bilateral meetings between the two Prime Ministers, the invitation to the Chief of Army Staff, there was "no change at the ground level," Mr. Bhatia said, adding that this had been explained to the Chinese Foreign Minister.

Mr. Qian Qichen's response, according to Mr. Bhatia, was to say that India was doing the right thing in maintaining a dialogue with Pakistan and that the only method of solving problems was through a dialogue.

The two Ministers also discussed how to improve the trade relations between India and China. Mr. Qichen pointed out in response to Mr. Bhatia's observation that economic cooperation between the two countries was very slow, that now India had liberalised its economy, there was more scope for non-Governmental cooperation on expanding trade contracts. Mr. Qichen also referred to China's own economic reform, including its efforts to create five special economic zones.

#### India's Role Assessed

93AS0046E Madras *THE HINDU* in English 7 Sep 92  
p 9

[Article by Malini Parthasarathy: "India's Modest Role at NAM Meet"]

[Text] Jakarta, Sept. 6. India's involvement in the tenth Nonaligned Summit's hectic parleys today on the crisis relating to the references to the Bosnia problem and the Iraq issue effectively ended with the departure of the Prime Minister and other senior officials early this afternoon. The Prime Minister left before the meeting of the Coordinating Bureau took place.

India was not overly interested in playing an active role in sorting out both these disputes, whether it was on the wording of the reference to the Bosnia-Herzegovina situation or Iraq's demand that a reference be made in the Jakarta Message to the "no fly zone." Sources in the Indian delegation said there was no reason that India should get drawn into disputes that do not impinge on India's own concerns.

**Malaysia's role:** The protracted discussions on the reference to Bosnia was attributable in part to the specific role that Malaysia played in advocating a specific condemnation of Serbia and its treatment of the Muslim majority population in Bosnia. At the meeting of the Bureau on Saturday night, Malaysia's Prime Minister, Dr. Mahathir Mohammed, was particularly sharp in his arguments in favour of a strongly-worded statement on Bosnia. Malaysia also insisted that the original compromise arrived at on the eve of the Summit had the OIC [Organization of Islamic Conference] countries agreeing to defer the issue of Yugoslavia's membership of the NAM [Nonaligned Movement] to the meeting of the Coordinating Bureau in New York, later, on the condition that the OIC countries would be able to express their strong feelings on the issue in a separate statement to be adopted at the Summit.

Diplomatic observers have been pointing out during this Summit that Malaysia's adoption of a high profile on this issue was in part a reflection of a simmering intra-ASEAN [Association of South East Asian Nations] rivalry with Indonesia. India did not want to get drawn into this controversy partly for this reason that it would have to get embroiled in the consequent implications of having to take sides in this intra-ASEAN dispute.

**Ethno-religious dimension:** India has already made its position clear in the NAM's political committee that it could be an unwise precedent for the Movement as a whole to adopt a formulation that singles out an ethno-religious dimension could weaken the NAM's effectiveness as a political umbrella for the developing countries.

At the same time, an Indian delegate said, if it was found that Serbia was deviating from the principles of the Nonaligned Movement in developing a specious theory of greater Serbian nationalism, that could not be ignored. However, apart from India's tacit support to a middle ground position that was espoused by the African group, India was preferred not to articulate a position on this issue.

**Iraqi people's suffering:** On the problem of Iraq, India shares the sentiment expressed by several other countries within the Movement of broad sympathy for the suffering of the Iraqi people and a concern for the obvious abridgement of national sovereignty in the imposition of a "no-fly zone." At the same time, India is not prepared to go out on a line in defence of Mr. Saddam Hussein's actions.

The fact that it was these two issues that were the sticking points holding up the NAM's conclusion today narrowed India's interest in a role in the proceedings. On balance, at the Jakarta Summit, India has spoken up firmly on issues that it believes reflect its concerns such as human rights, disarmament and environment.

These issues have traditionally been the centrepiece of India's focus in multilateral forums. However, the difference this time was that India seemed to set a much more modest role for itself than might have been expected from a founder member of the Movement.

With Egypt staying away and making plain its lack of interest in the NAM and Yugoslavia's eclipse, India along with Indonesia had scope to play a significant role at a critical moment for the NAM.

Yet this time, the focus of Indian diplomatic efforts was mainly on strengthening the formulations in the declaration on the issues India believes relevant to its own direction. India was clearly, at the Jakarta Summit, not in quest of a mantle for the role of a spokesman of the developing world as a whole.

### Some Satisfaction Seen

93AS0046F Bombay THE TIMES OF INDIA  
in English 9 Sep 92 p 13

[Article by K.T.R. Menon: "Satisfactory NAM Summit for India"]

[Text] New Delhi, Sept. 8. India can look back with some degree of satisfaction at the 10th summit of the Non-aligned Movement (NAM) which not only succeeded in dispelling much of the scepticism about the continued relevance of the movement in the post-cold war era but also gave it the much needed economic orientation in the changed world context.

From the point of view of attendance, the six-day conference held in the glittering Jakarta convention hall was a relatively lacklustre affair. Conspicuous among those absent were Mr. Fidel Castro of Cuba, President Saddam Hussein of Iraq, the Libyan leader, Col. Gadaffi and President Hosni Mubarak of Egypt. As many as 97 of the 108 member-countries were represented at the meet in which 68 heads of state or government participated.

But what really mattered was that it was able to address itself to major problems confronting the developing countries in economic and other areas and underline NAM's role in influencing the shape of the emerging new world order. For an organisation which was virtually moribund since the 1989 Belgrade summit following the onset of the process of disintegration of Yugoslavia, it was no mean achievement.

While there was consensus among the participants on issues like the need for restructuring the United Nations and a just and equitable world order, the summit seemed to flounder towards the end on the Bosnia killings and the related question of Yugoslavia's membership. Muslim countries led by Saudi Arabia, Malaysia, Iran, Senegal and Pakistan, which had agreed to defer the membership question until the next coordination bureau meeting in New York, insisted on a strong denunciation of the killings.

Ultimately, a compromise was reached, with the declaration confining itself to condemnation of the "obnoxious policy of ethnic cleansing" by local Serbs and no reference being made to Serbia and Montenegro. The Yugoslavian delegation criticised the singling out of the Serbs but the formulation was eventually accepted.



Another issue which struck a discordant note related to the "no-fly zone" in southern Iraq.

A notable feature of the summit was the virtual absence of anti-West rhetoric, though some speakers like the Iranian President, Mr. Hashme Rafsanjani, criticised the United States and other Western powers for gaining access to West Asia "on the pretext of protecting Kuwait."

Also, the declaration contained a direct reference to the United States which was urged to "cease unneighbourly acts against Cuba" and terminate "the series of economic, commercial and financial measures and sanctions imposed on that country for over three decades."

The declaration reflected a realistic outlook, underlining the fact that settlement of problems between developing and developed nations was in the interest of both. While there was need for a meaningful North-South dialogue to ensure that the developing nations got a fair deal, efforts to promote South-South cooperation to strengthen collective self-reliance was equally important.

From India's point of view, it has reason to be happy over certain aspects of the outcome. The declaration reflects its views on quite a few issues, including disarmament. India has consistently opposed the Nuclear Nonproliferation Treaty (NPT), describing it as discriminatory, while agreeing with the objective of global disarmament. The declaration, incorporating the Indian amendment, reaffirms the inalienable right of all states to develop their programmes for peaceful uses of nuclear energy according to their own priorities and states that the objective of nonproliferation should not jeopardise this right.

The declaration also contains another Indian amendment on the threat posed, among other things, to human rights and territorial integrity by terrorism, especially that sponsored by other states. Complementing this view is a Tunisian amendment condemning the exploitation of religious and ethnic differences to whip up extremism. India and Tunisia, both of which face the terrorist menace, had worked closely on this subject. The formulation is significant for India in the light of its persistent charge about active support by Pakistan to militants in Punjab and Kashmir.

Yet another point emphasised by India repeatedly which finds mention in the document relates to imposition of arbitrary conditionalities on development assistance based on the concepts of human rights and democracy of the donor countries. The declaration also refers to the need for avoiding technology transfer restrictions which deny developing nations access to modern technology—an issue highlighted by the U.S. sanctions on the space agencies of India and Russia following their agreement on cryogenic technology for rockets.

The summit has also taken note of the concern of India and many others on the importance of making available environment-friendly technology by industrialised countries to developing countries.

### Rao's Assessment

93AS0046G Madras *THE HINDU* in English 6 Sep 92  
p 1

[Article by Malini Parthasarathy: "NAM Back on Rails, Says PM"]

[Text] Jakarta, Sept. 5. Prime Minister P.V. Narasimha Rao said today that the Jakarta summit had "put the movement back on the rails" and had thereby dispelled "much of the pessimism" that had been evident in recent years.

In an informal meeting with Indian correspondents at the Indian embassy this evening, the Prime Minister was asked for his assessment of the summit. Observing that "all kinds of question marks" had been raised about the Nonaligned Movement [NAM], whether it was necessary and what would be the idea of continuing it, Mr. Rao said that "most of the questions have been answered and answered effectively." The movement had now another chance with the fact that there would be "no further cynicism."

Mr. Rao maintained that, in fact, there was now "keener interest" on the part of the developed countries in the Nonaligned Movement. The interest had been "there for quite a long time but was not so evident," he said. In the changed context, where earlier there had been cynicism and scepticism on the role of the movement, now "the opposite has happened." The advanced countries "far from writing the movement off, have started taking keener interests than before." This was quite significant because it meant that they felt that there was "a sense of unanimity that they would have to deal with now."

The Prime Minister said that the movement would have to concentrate on going ahead with programmes. Asked how he saw that would happen, he said: "On the important aspects, disarmament, the North-South dialogue, South-South cooperation and environment, these came into bold relief here and on these the NAM decisions would have to find a practical programme to implement." That would be how the NAM would become effective, he said.

The Prime Minister said that although the NAM would always "have a political component," it should also focus on economic objectives and ensure that there would be "a greater focus on economic matters in the UN system." He said that he had suggested to the UN Secretary General, Dr. Boutros Boutros Ghali, that there be greater attention paid within the UN system to the economic aspect. Just as if the Security Council's composition changed to admit more developing countries, the interest on smaller countries would be safeguarded. It would be better to have a greater focus on economic issues, he said. In that process, the nonaligned movement could be of great help because it could "speak authoritatively on behalf of the developing countries."

Asked about the specific issues of the declaration's references to the situation in Bosnia-Herzegovina and

whether Iraq was insisting on a reference to the "no-fly zone," the Prime Minister was disinclined to say much.

In response to a question on the relationship with Pakistan, including the fact that the dialogue had not seemed to have had much effect on Pakistan's attitude. Mr. Narasimha Rao said that the dialogues and meetings were not to be seen as having some kind of "press-button results" and that these were part of a continuing process. "Just because there is a setback, should we give up a meeting? How do you get over the set-back? A meeting between two Prime Ministers is the best opportunity to tell each other one's innermost thoughts that cannot be said from a public platform."

Asked whether there had been any indication of a greater interest in investing in India among the heads of countries he had met, the Prime Minister said that although his talks had not centred on this, there was definitely greater interest in investing in India in the context of the new economic policies. Indonesia and Singapore had talked of making a "real leap" in economic relations with India, he said.

#### **Chavan Reports on UK Visit, Talks With Major**

93AS0077A Bombay THE TIMES OF INDIA  
in English 28 Sep 92 p 1

[Article by Subhash Kirpekar: "India Will Not Let Amnesty In: Chavan"; italicized words as published]

[Text] New Delhi, September 27. Even as the Union home minister, Mr. S.B. Chavan, today made it clear that Amnesty International would not be permitted to tour India to investigate alleged violations of human rights, sources said that the legislation to establish the national human rights commission would probably be introduced in Parliament in the monsoon session of 1993.

Asked why Amnesty would be prohibited from touring the country, Mr. Chavan replied, "Our charge is that they give reports without verification from state governments or the Central government, creating an impression that there is no rule of law in India." He also said that "our friends" (non-governmental human rights organisation) have been providing information. "The importance attached (by Amnesty) to their information will definitely be reduced once the commission begins its work," Mr. Chavan said.

The home minister stated that India would not tolerate Amnesty's idea that there was no rule of law in India. While not denying that stray incidents take place, he said the central issue is whether such incidents are taken note of and if punitive action was taken by the appropriate authority. Mr. Chavan said he was satisfied that this was happening in India.

Talking about his visit to Britain, where he met Prime Minister John Major and the home secretary, Mr. Kenneth Baker, and signed the two treaties on extradition and confiscation of property of terrorists and drug traffickers, Mr. Chavan said a list of names and telephone

numbers of some people suspected to be involved in "hawala transactions" had been handed over to the British officials.

"Though I was told that I might get just eight to ten minutes with the British Prime Minister, he was gracious enough to spend 35 minutes. I got full opportunity to give full details of Pakistan's involvement in training, funding and providing weaponry and logistical support to militants in Punjab and Kashmir. Pakistan should be deemed as one of these countries which is sponsoring state terrorism," the home minister said.

According to Mr. Chavan, the signing of the two treaties "would send the proper message to all those involved in criminal activity against India."

Mr. Chavan said he had also requested the British Prime Minister take up the issue of terrorism and drug trafficking with the Trievi group of which Britain is currently the chairman. Trievi, said Mr. V.K. Jain, special secretary in the home ministry, is a town in Italy where 12 European nations had met three years ago to discuss international terrorism and drug trafficking at the intelligence administrative and political levels.

Since India is in possession of a great deal of information on these subjects, it is arguing for close association with the group. The matter is undecided so far, but India hopes its viewpoint will be discussed soon.

Highlighting the salient aspects of the treaties, which Mr. Chavan described as a "major achievement," he said that the signatories could ask for the extradition of persons who had committed crimes in India and taken refuge in Britain.

It would be the responsibility of the nation making the request to give *prima facie* evidence of the involvement of the person whose extradition was sought.

The other important aspect of the treaties is that they are effective with retrospective effect, and no date of the past has been fixed, leaving the field wide open.

"The important feature is that India and Britain have decided to fight these two evils jointly and cooperate fully," Mr. Chavan said.

About the national human rights commission, Mr. Chavan said that the British Prime Minister and the home secretary were "very happy that India had been able to take the decision to establish the commission."

The HRC [Human Rights Commission] will be an autonomous body with full freedom and people of great eminence will be members.

Sources said that the commission will probably be headed by a sitting judge of the supreme court, failing which a retired judge will be its chairman.

**Further Details, Comment on Relations With Russia****Pawar Visit 'A Failure'**

93AS0071A Calcutta THE TELEGRAPH in English  
18 Sep 92 p 4

[Article: "Pawar's Visit to Russia a 'Failure'"; quotation marks as published]

[Text] New Delhi, Sept. 17: If the defence and external affairs ministries are not overly ruffled by Mr. Sharad Pawar's empty-handed return from Moscow it is because they weren't expecting things to be otherwise.

"The essential purpose of the visit was to send a political message of continuity...ties and that has been served," a senior official in the external affairs ministry said, explaining that Mr. Pawar had left for Russia "fully aware of the limitations of the trip in view of the flux Russia and the CIS are in."

Mr. Pawar's Russia visit has been portrayed as a failure on account of the absence of any fresh arms purchases and his "inability" to meet President Boris Yeltsin; in a larger sense, neither was on the agenda. India is not, in the immediate context, interested in fresh arms purchases from Russia and Mr. Pawar's meeting with Mr. Yeltsin was at no stage slated.

Besides, it would have been unrealistic to expect an unscheduled meeting during a week in which Mr. Yeltsin was busy planning, and then calling off, his proposed high-profile trip to Japan.

If there was a specific failure during the trip, it was the defence minister's inability to secure an extended credit line for defence supplies from the Russians. Both sides admitted that there were problems on credit facilities but the Russians have not closed the door on that yet; the Russian deputy head of defence sales, Mr. Valery Sabolev, who negotiated the financial aspects with Mr. Pawar, categorically said the final decision on credit extension will have to be taken at the summit level. He was perhaps hinting at the proposed New Delhi visit by Mr. Yeltsin next January.

It is then, probably, that India and Russia will also finalise a fresh defence agreement that Moscow has offered. Though no political or military safeguards are now part of it—India and Russia no longer have a shared security perception—such an agreement will afford India uninterrupted supplies and defence equipment which it needs for the maintenance of the heavy Russian component in its defence services. But here again, India and Russia must reach an agreement on a new mode of payments because the rupee-ruble system is a thing of the past.

Russia now seeks hard currency payments and the interim compromise the two countries might work out on this is to have "clearing house" sales, which would mean dollar sales and purchases but not in cash, the Russians might give us defence wares in exchange for the dollar value of goods exported from India to Russia.

On the other hand, the immediate crunch on the availability of defence spares has been eased with the Russians assuring Mr. Pawar that the supply-line will continue to be fed by Moscow. Though how long this ad hoc system can continue, both Moscow and New Delhi must wonder.

**Moscow 'Sources' on Trade, Credit**

93AS0071B New Delhi PATRIOT in English 19 Sep 92 p 1

[Article: "To Buy Hardware, Defence Spares: Yeltsin Offers Huge Credit"]

[Text] Moscow, Sept. 18 (UNI): Russian President Boris Yeltsin has offered a multi-million dollar credit to India for buying Russian hardware and spares for the Indian armed forces, the Russian Foreign Economic Relations Ministry sources said.

The Russian credits to the value of \$830 million would be used by India to buy 26 MiG-29 fighters, modernised 5-72 tanks, helicopter gunships and "Tunguska" SS missile systems. More credits were reported to be on the anvil.

The agreement on the first Russian Defence credit to India which was expected to be signed during the visit of Defence Minister Sharad Pawar last week, is expected to be signed here "in a few days," Russian sources said.

Meanwhile, India has emerged as Russia's third largest trade partner during the first eight months of 1992, Russian Foreign Economic Relations Ministry sources say.

The total trade turnover between India and Russia for the period, January to August 1992 was to the value of \$1.1 billion while Russia's trade turnover with Japan and China was \$2 billion and \$1.8 billion, respectively.

According to the experts on Russia's economic strategy in foreign economic and trade ministry, an element of dynamism is being introduced in trade and economic ties with India, after failing to woo the Western investments in the country's economy and a chill setting in its ties with Japan, with the latter linking economic aid with the dispute over four Kurile islands. The Russian government has adopted the "alternative variant" which provides for close economic and trade links with India, China, South Korea and Taiwan.

The experts see South Korea and Taiwan as the major sources of capital investments in the Russian economy and hi-tech, know-how.

A high-power Russian delegation is currently visiting Taiwan to seek investments in the Russian timber industry and mineral wealth exploitation in the eastern parts of the country. President Boris Yeltsin is to visit South Korea in November before visits to China and India in December, 1992 and January, 1993, respectively.

Meanwhile, the Russian power equipment exporting company, "Technopromexport" and India's National

Thermal Power corporation have signed an agreement here this week on granting India with a commercial credit for the supply of generator and other power equipment for a number of thermal power plants in India.

However, no details of the amount and the terms were available pending the approval of the governments of the two countries.

## **Developments in Relations With CIS, Russia**

### **Plans for Trade**

93AS0073A Bombay *THE TIMES OF INDIA*  
in English 30 Sep 92 p 19

[Article: "Plans for Trade With CIS, Russia Soon"]

[Text] Madras, September 29 (PTI): The Centre will shortly announce new proposals to enable trade with Russia and other former Soviet Republics in all items except those in the Exim policy's negative list of imports and exports, the commerce secretary, Mr. A.V. Ganesan, said today.

Addressing the Madras Chamber of Commerce and Industry (MCCI) at a function to commemorate its founding day, he said under the proposed arrangement, trade could be done either by payment in hard currency or through the "Escrow account" mechanism, and in any form including counter-trade, regardless of whether the item was contained in the positive list of commodities published by the Reserve Bank of India (RBI).

Under the present arrangement, wherein India has a trade protocol only with the Russian republic, counter-trade arrangements are possible for items outside the protocol, provided they are in the RBI's positive list of commodities. The new notification will remove this constraint provided the items are not in the Exim policy's negative list.

The Centre had announced recently that newsprint could be freely imported from Russia and other CIS republics.

Assuring industry that the same attention would be paid to trade with the former Soviet republics in the past, Mr. Ganesan said only the pattern of trade was changing. While there was a trade protocol with Russia, in respect of the other republics, there was no technical credit or central account.

India attached great value to trade relations with CIS which accounted for 18 to 20 percent of exports, Russia taking a major share, and the declining trend of trade seen last year should be reversed shortly, he added.

Mr. Ganesan, dismissed reports of inter-ministerial differences on the approach to export incentives and other trade policy issues, and said that all incentives announced in the export-import policy "will definitely be forthcoming."

Even incentives not mentioned in the new Exim policy might be forthcoming now that the inflation rate was coming down and foreign exchange reserves were stabilising, he said.

Referring to the MCCI chairman, Mr. N. Venkataramani's observation, citing a recent news report, that the finance and commerce ministries did not appear to be seeing eye to eye on pending claims under the international price reimbursement (IPRIS), duty drawback and cash compensatory support (CIS) schemes, Mr. Ganesan said there might be debates and discussions between the two ministries, but there was absolutely no difference in their basic approach in providing incentives for export growth.

Referring to duty-drawback, Mr. Ganesan said his ministry was examining the feasibility of extending the facility, now permitted for physical exports, to deemed exports.

On the high interest rate on export credit imposed under the tight money conditions last year, he said the finance and commerce ministries were in agreement to lower interest rates.

Mr. Ganesan also denied any difference in perception on the need for full rupee convertibility. Both ministries agreed that the present "dual rate mechanism" could never be a lasting one. But the issue was coupled with bringing down the inflation rate and the balance of payments situation.

Real incentives for export should come from the exchange rate mechanism and interest rate policy, he said. Last year's devaluation had removed the anti-export bias in the economy.

There was also a need for a uniform exchange rate for both imports and exports on trade account.

### **Aid to Agro-Industries**

93AS0073B Bombay *THE TIMES OF INDIA*  
in English 24 Sep 92 p 2

[Article: "Indian Aid for CIS Agro-Industries"]

[Text] New Delhi, Sept. 23: India proposes to set up a Rs [Rupees] 9 crore remote-sensing centre in Nigeria.

This is one of the projects to be undertaken under the Indian technical and economic cooperation programme (ITEC).

India will assist some member-states of the Commonwealth of Independent States (CIS) in setting up agro-industries and will establish a computer vocational training center in Mauritius.

The ITEC, launched in 1964, is administered by the economic division of the external affairs ministry. The programme now covers 90 countries. The annual budget has gone up from Rs 4 lakhs initially to \$10 million. The entire expenditure on the schemes is met by the Indian government as grants.



The programme mainly focuses on establishment of projects, deputation of Indian experts, conducting of techno-economic and feasibility studies, provision of consultancy services and training of foreign nations in Indian institutions. The projects cover diverse fields, including transfer of technology for small and medium industries, agricultural research centers, vocational training centres and the building of hospitals.

Among the major projects undertaken in the recent past are rice research and buffalo and forage development centres in Vietnam, the Indira Gandhi Institute of Child Health in Afghanistan, restoration of the famed Angkor Wat temple in Cambodia and the Jawaharlal Nehru Hospital in Mauritius. Industrial estates have also been set up in Afghanistan and Mauritius.

According to an official spokesman, the CIS countries have, of late, evinced keen interest in getting their personnel trained in India in various fields.

### **Germany Offers Help in Relations With EC**

93AS0075A Madras *THE HINDU* in English 27 Sep 92 p 1

[Article by Alok Mukherjee]

[Text] Bonn, Sept. 26. Germany has offered to lobby for India within the single European Market which is scheduled to come into effect from January 1, 1993. The strains in the process of European unity which have developed recently, leading to the summoning of a summit of EC leaders in London on October 16, will not delay the process of market integration since the two are unconnected, say officials in the office of the German Chancellor, Mr. Helmut Kohl.

"The concept of a single European market is not connected with the issue of European unity which is more of a political issue. The market integration process will be in effect from the beginning of next year and will see the free flow of goods, services, capital and manpower. The European Economic Area, comprising the European Community and members of the European Free Trade Association (EFTA), will also come into force at that time," the officials said.

"Although India has good political contacts with other members of the EC, the close bilateral ties between India and Germany could result in Germany taking up India's case with the Community in case of any difficulty," the officials said.

Indian industrialists have been apprehensive of the development of what has been termed "Fortress Europe" with the formation of an integrated common market. The integration of the European market could lead to a fall in Indian exports because of the likely abolition of the preferential quota system and as some of the less developed of the EC members could replace India in the markets of the developed nations.

"The apprehensions are unfounded," the German officials say. If anything, the tariff barriers will come down further, since the entire concept is of free trade. On the

basis of established relations with German enterprises, Indian products could now reach those of the EC nations with which India does not have much trade now. Still, in case of any particular difficulties, India could bank on Germany to take up its case within the EC, the officials said.

Indo-German economic and political relations are at their best now with few irritants in the way. The German Chancellor was to visit India from October 8 this year, as a reciprocal gesture to the visit of the Prime Minister, Mr. P.V. Narasimha Rao, to Bonn in September last year. The visit has, however, been postponed in view of the fresh crisis within the EC.

### **Nuclear Nonproliferation**

Germany is also keen that India sign the Nuclear Non-proliferation Treaty (NPT) since this was "important for universal peace and stability."

Endorsing the U.S. stand that India should sign the NPT, officials in Mr. Kohl's office as well as in the German Foreign Ministry say that after South Africa, France and China signed the treaty, India has hardly any reason for refusing to.

"Germany is a non-nuclear State and is keen to see total nuclear disarmament. It is in line with this philosophy that we are keen that India also joins the NPT. Otherwise, Pakistan will make India the excuse for having nuclear weapons and India will do the same."

Responding to the position that the NPT requires a review and that there should be total nuclear disarmament, a stand that New Delhi articulated forcefully during the Nonaligned summit at Jakarta, the German officials said India had pitched its counter-demand too high. "We all know that total disarmament cannot come about in a day. The stand is an extreme position and there is a feeling that India has proposed this counter-stand in a bid to gain time on the NPT issue," the officials said.

The officials also said Germany wanted India to join the five-nation conference on a nuclear-free South Asia, proposed by Pakistan and backed by the United States, China and Russia are to make up the five.

### **Kashmir Issue**

In this context, the German officials said India and Pakistan should soon solve the Kashmir problem through peaceful bilateral negotiations within the ambit of the Simla Agreement.

They, however, carefully avoided the mention of the UN resolution on Kashmir on which Pakistan was insistent. However, they added that in case of a conflict, it would be difficult for India to keep the UN out of it. "In fact, the assessment is that you cannot keep the UN out of it for long. Hence, it is better that the problem is solved bilaterally and peacefully," the officials said.

## HINDU Analyst Reports on Rao Paris Visit

### 28 Sep Talks

93AS0079A Madras THE HINDU in English 29 Sep 92  
p 1

[Article by K.K. Katyal: "Prime Minister in Paris: Talks Focus on Economic Ties"]

[Text] Paris, Sept. 28. Focussed on the situation in Europe and bilateral economic relations, the Prime Minister, Mr. P.V. Narasimha Rao's talks with his French counterpart, Mr. Pierre Berezogovoy, today set the tone for the long-delayed high-level interaction between the two countries. Mr. Rao is due to meet the French President, Mr. Francois Mitterrand, on Wednesday for discussions expected to cover a wider ground.

The Prime Minister, who arrived here at noon after a nine-hour journey from New Delhi, was received at the airport by the French Deputy Minister of Foreign Trade, Mr. B. Duriecex, and the Military Governor of Paris. Mr. Berezogovoy received Mr. Rao formally at his official residence when the two Prime Ministers met for talks.

What was significant about the discussions was the present day changed context which required the two sides to work out a new format for economic cooperation. So far, France had confined itself to aid-oriented projects but India would like the thrust to change to investment—and the transfer of technology.

The two countries, it was clear, envisaged new forms of dealings—different, say, from what was visualised by Mr. Mitterrand in January, 1989, during his visit to India. He had then talked of French willingness to set up two power plants and offered what he himself described as an attractive financial package. None of these ideas took concrete shape. The credit for the power plants, each of 900 MW, was to be offered on terms normally given by the OECD [Organization of Economic Cooperation and Development] countries.

The "attractive" package was to take the form of the supply by Paris of a whole range of military equipment against counter-trade arrangements, involving additional Indian exports to France. The private entrepreneurs who were to play a key role, however, did not show much enthusiasm. India now would like France to make use of the new investment environment in the wake of economic reforms.

In the present phase of globalised trade, France has yet to establish its presence in the Asia-Pacific region and would very much like to make a beginning. It was logical for India, in these circumstances, to draw attention to the attractions it could offer to France—lack of competition by other industrialised countries which was not the case, say, in East Asia, a vast market and low labour costs, apart from the new liberal regime.

There were, of course, other dimensions of the economic dealings between the two countries. France's interest in a role for the modernisation of Delhi and Bombay airports was known. Also, it was keen to sell advanced jet trainer

aircraft, though it had to reckon with competition by a British rival, and an advanced version of the Airbus. Equally well-known was India's keenness for defence supplies from France and its high technology in the field of space and aeronautics.

Contrary to the prevailing impression, India is unlikely to ask France for the cryogenic rocket engine. Russia, with which India had already entered into a contract, had not resiled from its commitment in the face of the heavy U.S. pressure. And, where was the guarantee that France would likewise not be pressured even if it were to agree to step into a frightened Russia's shoes?

The initiative for the interaction that began today was taken by Mr. Rao and Mr. Mitterrand during the former's stop-over in Paris in November last year. Noting the chill in the bilateral field in the previous three years, they resolved to turn a new leaf. That was a manifestation of the political will. How it is translated into reality should be clear during Mr. Rao's current stay in France.

### Useful Talks

Soon after they dispersed, Mr. Rao said they had useful talks and in particular seemed satisfied with the detailed briefing on the situation in Europe, as part of the assessment of the current world situation. Mr. Rao noted considerable commonality between the world view of India and France whose thinking was on the same wavelength. He was happy that it continued to be the case even in the wake of the major changes in the world. It was necessary, according to him, for the two countries to take common stand on world issues at the international fora. India, said Mr. Rao, would like the cooperation of all industrial countries in the liberalisation process, now under way there and looked forward to France, in particular.

Mr. Berezogovoy spoke assuringly of his country's response to the opportunities now available in India. France was keen to increase trade with India and would give the necessary boost to economic cooperation.

Mr. Rao referred to the problem posed by terrorism sweeping across many countries which was of particular concern to India. The French Prime Minister recognised terrorism as an important issue which warranted further discussions.

UNI reports:

Mr. Rao said today his French counterpart, Mr. Pierre Berezogovoy had accepted an invitation to visit India. Mr. Rao told reporters that he had personally conveyed the invitation during his meeting with Mr. Berezogovoy here this evening.—UNI

### 29 Sep Talks—Ties Discussed

93AS0079B Madras The HINDU in English 30 Sep 92  
p 1

[Article by K.K. Katyal: "India, France Oppose Unipolar World"]



[Text] Paris, Sept. 29. As a result of Prime Minister P.V. Narasimha Rao's talks with the French leaders in the last two days, clear parameters for the development of bilateral ties have emerged, raising hopes of a mutually productive phase.

It is intended to make full use of the scope for cooperation in the commercial, technical and investment fields. France will fulfill existing contractual obligations in regard to the space programmes in India but the terms of reference for the future transfer of technology in the sensitive areas have yet to be worked out.

### Technology Issue

The delicate technology issue was dealt with great caution—the discussion was confined to guiding principles, there being no attempt to jump to the specifics. The reports that India had shown interest in the French cryogenic rocket engine and made exploratory inquiries were born out of naivete and lack of understanding of the issues involved.

So strong and widespread was the misleading impression created by these reports that a spokesman of the Indian delegation today came out with a categorical denial. This issue was not discussed nor was it on the agenda, he said. His denial made sense, considering the background of the case.

Russia, with which India had entered into a contract for the purchase of the engine, had not resiled from its obligation, despite strong U.S. pressure. There was therefore no point in making inquiries about alternative sources. Before India turned to Russia, it had approached France but the deal didn't materialise. This was because the French price was unattractive and there was no provision for the transfer of technology.

A French Foreign Ministry spokesman too, denied that there was any discussion on the supply of rocket engine.

France which acceded to the Nuclear Nonproliferation Treaty recently, after prolonged resistance, could be expected to show the enthusiasm of a new convert. It would like India either to follow its example or take some other step in the direction of non-proliferation. Similarly, Paris fully backed the missile technology control regime (MTCR) envisaging restrictions on the transfer of dual use technology.

But as a French spokesman explained, their government would be prepared to discuss with India (or for that matter any other potential recipient of sensitive technology) the question of guarantees to ensure that it would not be put to a non-peaceful use. To that extent, the stand of France differed from that of the United States, which saw no use for any such discussion.

France, according to the spokesman, had informed India about the scheduled expiry next year of the contract for the supply of enriched uranium for the Tarapur atomic power plant. There had been no discussion so far between the two sides, but France regarded this issue as governed by its stand on the MTCR under which all new

contracts have to be subjected to full scope safeguards. According to him, a possible extension of the contract would be a new contract and no part of an ongoing arrangement.

India had not yet lost the hope that France would maintain its traditional independence in decision-taking. This was implied by Mr. Rao's observation of his meeting yesterday with his French counterpart, Mr. Pierre Beregovoy, that France had been the centre to which others looked for critical rational decisions. India expected France, he said, to stick to that position, subject of course, to international consensus.

The two Prime Ministers, who touched upon the post-cold war global pattern, agreed that unipolarity was not good beyond a threshold. They recognised the importance of other centres of power—India, Japan, China, Brazil, Argentina and of course the European Community.

The French Prime Minister spoke of his government's concern for peace in the SAARC [South Asian Association for Regional Cooperation] region, in particular between India and Pakistan. He wanted India to resolve its problems with Pakistan peacefully, through negotiations. Mr. Rao, in turn, referred to his five meetings, with his Pakistani counterpart, Mr. Nawaz Sharif, and the decision to keep up the dialogue.

As regards the UN there was general discussion on its increased role in peace-keeping and the need for democratising its framework. They favoured a follow-up action on the UN Secretary General's report, "the agenda for peace," while agreeing that the Security Council's steps needed to reflect the international will.

Mr. Rao made use of the opportunity afforded by his address at the lunch in his honour by his counterpart to outline the new economic philosophy and reforms.

### Economic Reforms

"The country," Mr. Rao said, "is now firmly and irrevocably embarked on the road to far-reaching reforms that will modernise our economy and facilitate its integration into the global economy. We are not unaware of the practical difficulties that confront such an endeavour; we are actually facing and overcoming them right now. The government, backed by a national consensus that cuts across the political spectrum, is determined to follow through this process to its logical conclusion."

He was confident that this process of liberalisation and reform would enable India to take full advantage of its existing economic, industrial and technological infrastructure and capabilities. It also made India more attractive place for foreign investment and inflows of capital and technology, he said.

The Prime Ministers drew attention to the commonality in their foreign policy perceptions. Like France, India, said Mr. Rao, had consistently followed an independent foreign policy that judged issues on merit.

### 29 Sep Talks—Europe Discussed

93AS0079C Madras *The HINDU* in English 30 Sep 92  
p 1

[Article by K.K. Katyal: "Rao, Beregovoy Discuss European Union"]

[Text] Paris, Sept. 29. One of the important objectives of the Prime Minister, Mr. P.V. Narasimha Rao's current visit to France is to be clear about the direction and the extent of the European integration process and to gauge the implications of the recent French referendum on the Maastricht Treaty (envisaging specific steps for the European Union).

This is important because of late, India paid as much attention to the European Community as to its individual members in the belief that it would emerge as a supra-national authority soon. The joint Indo-EC Commission, the joint business council, launched earlier this year in New Delhi, and the regular dialogue with the EC troika, comprising the past, present and the future chairmen of the Community, were some of the devices employed to promote dialogue and contacts with the grouping as a whole. India will now have to decide whether to pursue the preset line or to shift the emphasis back to the individual nations of the Community.

The narrow lead of the "yes" vote in France, the architect and one of the pivots of the integration, has naturally shaken the confidence of the protagonists of the European Union and cast doubt on whether the immediate goal of common monetary, security and foreign policies could be achieved according to the prescribed schedule. Even before the referendum, the 12 members of the EC were divided on the speed with which they should move towards the objective.

After the vote, the division sharpened, as evident from the slow but sure emergence of a two-track or a two-lane or a two-speed Europe. One group, led by Germany and including the Netherlands, Belgium, Luxembourg, and France as also two future members of the EC, Austria and Sweden, could be counted upon to support quick movement towards the common institutions. Equally powerful appears to be the other group, calling for a cautious approach. It comprises Britain, Italy, Denmark and Spain. Denmark, which rejected the treaty in a referendum in June, perhaps, would like to be revised so that it could be put to vote again.

#### Optimism

The French Prime Minister, Mr. Pierre Beregovoy, who briefed Mr. Rao on the developments in Europe at some length seemed to take an optimistic view of the verdict of the referendum, taking it as an endorsement of the treaty. Mr. Rao too called the French vote a positive event. But his reference to it, in an interview with a French daily, *LE FIGARO*, related mainly to the common market (and to the other processes of integration envisaged by the Maastricht Treaty).

"The creation of a single market in January 1993," he said "seems to us welcome inasmuch as it permits us to increase our economic and commercial exchanges with Europe. But we are also aware that the common market brings us some challenges which we will have to face. We also see Europe as a constructive partner in a multipolar world.

"She could play an important role in the restructuring of international relations of the post-cold war period. She could contribute in a positive manner to the revival of North-South dialogues on a number of challenges that the world should take up: the environment, international terrorism, elimination of weapons of larger-scale destruction. India is ready to join its efforts to those of each European State as to that of a united Europe for taking up these challenges."

While reserving its judgment on the feasibility of the emergence of a united state of Europe, India will proceed on the assumption that the common market would, in any case, materialise. Its emergence did not depend on the Maastricht Treaty, as this process would have taken its planned course even if other integrative steps had not been contemplated.

The continued validity and relevance of the common market was noted by Mr. Rao in his talk with the heads of Indian missions of the non-EC and East European countries. Two of them, Mr. G. Parthasarathy, High Commissioner in Cyprus, and his colleague in Malta (apart from Libya), Mr. Shishank, in particular, drew attention to the speed and earnestness with which these countries had taken steps to conform to the EC standards. In it they saw a message for India—that it too had to pursue steps to take full advantage from the common market, even if the other integrative steps were to take time.

That other steps could not be taken for granted was evident from the poll conducted by the INTERNATIONAL HERALD TRIBUNE, the results of which were carried in today's issue. More than four of five Europeans, it says, want a referendum on European political and economic union. While there is widespread approval of the way Europe is getting together, there is an undercurrent of dissatisfaction with the way the Maastricht Treaty was imposed from above in western Europe and the lack of care with which the European affairs were explained to the people.

According to the poll, six out of ten Europeans would still vote for the Treaty despite the prevailing dissatisfaction with the EC's Brussels-based executive, the EC Commission. It was considered too remote and bureaucratic by eight out of ten people. Seven out of ten were in favour of a single currency and six out of ten wanted the EC to determine the economic policy for all its members.

### 29 Sep Speech

93AS0079D Madras *The HINDU* in English 30 Sep 92  
p 9

[Article by K.K. Katyal: "Multilateralism Eroded"; quotation marks as published]

[Text] Paris, Sept 29. Pleading that the economic development must again be put at the very centre of the international agenda, Prime Minister P.V. Narasimha Rao today stressed that the trend towards a truly global marketplace needed to be promoted and not retarded by protectionism, unilateralism and discriminatory trade practices.

In a major address to the French Institute of International Relations, the Prime Minister regretted that the principle of multilateralism in trade had been seriously eroded over the past several years. If democracy and development had to be maintained throughout the globe, there was no alternative to a genuinely multilateral, nondiscriminatory and development-oriented trading system, he said.

Mr. Rao referred to the workable compromises at the recent UN Conference on Environment and Development, and successful conclusion of the chemical weapons convention and made a case for following these models in other spheres as well. There was little prospect of success in the efforts made by "some countries" to create a two-track world, in which a handful of affluent countries would monopolise access to technology and sophisticated weaponry, while the rest of the world was hemmed in by all manner of restrictive regimes and conditionalities, he said.

The Prime Minister dealt with other issues, including the role of the UN, thus:

#### UN

The UN is capable of becoming an instrument for global action provided it pays greater heed to the principle of democracy. We recognise the need for a Security Council capable of swift action to uphold international peace and security. However, the element of accountability which is integral to the concept of democracy, is missing from the current functioning of the Security Council. If the Security Council is to be accepted by the international community at large, as legitimate and more important, as an impartial instrument for safeguarding international peace and security, then its actions must be seen to represent the collective will of the General Assembly. Its actions in enforcing compliance will have greater acceptability if they are seen as representing a larger collectivity rather than the inclinations of a few powerful nations. It is for this reason that India, for one, has argued for an expansion of the Security Council, to make it more representative of the much larger membership of the UN today. We have also advocated greater accountability to, and participation by, the UN General Assembly in the maintenance of international peace and collective security.

### Democracy

Building an international environment supportive of democracy and helping countries overcome problems of economic transition, must therefore be the aim of the international community. In the final analysis, democracy within nations can only be sustained if there is democracy among nations. If certain countries with relatively greater political, military and economic power, seek to exploit the current fluid situation, to perpetuate their dominant status, then others will feel obliged to resist at some point through whatever means are available. Totalitarianism finds its best argument in national insecurity and perception of threat.

### State Intervention

While historical experience indicates that a market oriented economy is best suited to bring about an efficient allocation of resources, and consequently more rapid economic development, the role of the State in economic life will continue to be crucial. There is no mechanistic equation between a free market and holistic development, just as free market is not necessarily equal to democracy. This is particularly true in developing countries, where neither the benefits of the few affluent nor those of their philanthropy trickle down to the base of the social pyramid easily and where State intervention is the only means available to alleviate poverty and distress and to provide opportunities to disadvantaged sections of society to raise their living standards, at least in the foreseeable future. Also, it is often the State which has the ability to create the conditions in which the market can work, for example, by providing the necessary infrastructure.

### Meeting With Mitterrand

93AS0079E Madras *The HINDU* in English 1 Oct 92  
p 1

[Article by K.K. Katyal: "India, France Plan New Push to Ties"]

[Text] Paris, Sept. 30. Prime Minister P.V. Narasimha Rao's consultations here reached the climax today with a meeting with the French president, Mr. Francois Mitterrand. Their discussion served to reinforce political will by India and France to make a new beginning, putting an end to the chill of the recent past.

This was their second meeting in less than a year. In November last year, Mr. Rao, during a stop-over on his way to Caracas, conferred with Mr. Mitterrand. It was then that they decided on formal consultations that materialised today. There was no mistaking the warmth and understanding that characterised the bilateral relationship, which, however, was in the process of reconstruction. As a result, some of the inhibitions resulting from the new changed international context had yet to be overcome.

Mr. Rao and Mr. Mitterrand met for half an hour without aides and their discussions continued at the lunch that followed. It was at the one-to-one meeting that



Mr. Mitterrand conveyed his government's keenness to improve relations—despite the inhibitions that had developed. France, according to him, would give impetus to economic and technical cooperation with India.

#### Optimism About Europe

At the lunch, the French President gave a detailed assessment of the prospects of integration in Europe—he was optimistic despite an element of gradualism. He sought to dispel the apprehensions that an integrated Europe would turn into a fortress that would work to the disadvantage of India and other developing countries.

On the role of the UN and peace-keeping and related matters, a clear consensus was evident—that unipolarity in the global power structure was not conducive to stability, that the UN set-up needed to be democratised and that the functioning of the Security Council had to be reflective of international will. This was in line with the discussion at other levels.

Mr. Mitterrand, who had performed an active role in regard to the developments in Yugoslavia gave his assessment of the latest development there. The two leaders agreed that the peace process in West Asia needed to be encouraged.

Mr. Rao's visit coincided with significant developments in Europe, especially the hiccups in the process of continuity, as shown by Denmark's "no" to the Maastricht Treaty and the hesitant endorsement by France. It helped the Prime Minister to get a first-hand assessment so as to be able to decide on possible reorientation of India's policies. Mr. Rao had met the British Prime Minister, Mr. John Major, (at New York and Harare) and the German Chancellor, Mr. Helmut Kohl (in Bonn), but with Mr. Mitterrand there had been only a brief interaction. The present visit provided an opportunity for detailed discussions with him as also with the French leaders across the political spectrum.

It was agreed that the two governments, without interfering in the working of the trade and industry, would generate the necessary enthusiasm so that their differences do not have a ripple effect.

In the next four months, the French Ministers of Foreign Affairs, Defence, Space and Industry (along with a group of industrialists) will visit India. The delegations of the two countries at the UN, the IMF and the World Bank will be in close contact. The two Foreign Secretaries will meet twice a year to review the progress in the bilateral field.

#### Accord on Taxation

A spokesman of the Indian delegation described the visit as useful and result-oriented. The two sides signed an agreement for the avoidance of double taxation. Soon they will take up financial protocols, intended to encourage financial and industrial interaction.

At the practical level, India would like France's cooperation in the field of infrastructure. But Paris has to be competitive in regard to both the financial arrangement and the transfer of technology. Also it has to get over the hangover of the past frustrations resulting from its failure to win important contracts.

On its part, India will have to reckon with the restrictive regime, accepted by France, when it comes to the transfer of high technology in sensitive areas. One such test will come in the near future when the two countries discuss the arrangement after the expiry of the contract under which France supplied, in the last ten years, enriched uranium for the Tarapur atomic power station. France will insist on full safeguards of the type not acceptable to India. Similar difficulties may arise when the two sides take up the specifics.

France is keen on peace and stability in the Indian subcontinent—this was emphasised by the French Prime Minister, Mr. Pierre Bérégovoy, in his talks with Mr. Rao as also in his address at the lunch in honour of the latter. France would like its "common friends," India and Pakistan, to resolve their problems peacefully, through negotiations.

Some time ago, France agreed to sell Mirage aircraft to Pakistan but the deal has not materialised yet. This is because payment is to be made in hard cash and that is not easy for Islamabad. Even if Islamabad is in a position to pay, France, according to its official spokesman, would have to take into account the consequences in the power balance in the region. Whether a similar criterion would be applied to India at the time of negotiations for the sale of military hardware is not yet clear.

#### Papers Report on Relations With China

##### Chinese Communists' Visit

93AS0044A Madras THE HINDU in English 13 Sep 92  
p 6

[Article: "Chinese Communist Party Team for Tie-Up With Cong"]

[Text] New Delhi, Sept. 12. The 14th Congress of the Chinese Communist Party [CCP], which will set China's political and economic agenda for the next decade, is to be held in December and not October as was being speculated by observers internationally. An indication to this effect was given by a visiting delegation of China's ruling party to the Congress(I) leaders here.

China is already embarked on an ambitious programme of making a U-turn: from a centrally planned economy to a "socialist market economy," an euphemism for opening up to foreign capital and foreign technology. The change has of course produced rich dividends.

The international community is eager to know if the Communist Party's political structure would permit the momentum to be maintained in the light of reports and speculation of struggles within the party on key issues.

The decisions at the 14th party Congress will be important indicators of the direction and velocity of the winds of change.

The 10-member Chinese delegation led by Mr. Wu Bangguo, Secretary of the Shanghai Municipal Party, who is being mentioned for promotion to the party politburo, is here at the invitation of the Congress(I).

The CCP and the Congress(I) are looking forward to signing a party-to-party agreement. On Thursday the team called on the Prime Minister, Mr. Narasimha Rao. On Friday, it visited the AICC(I) [All India Congress Committee] headquarters where it held hour-long discussions with Mr. V.N. Gadgil, Congress(I) spokesman, who had led a delegation of his party to China last year. Mr. Gadgil's team included Mr. Bhuvnesh Chaturvedi, Mrs. Sheila Dixit, Mr. P.M. Sayeed, and Mr. M.K. Rasgotra, former Foreign Secretary.

The two sides agreed to exchange delegations and party literature and form joint groups to study specific subjects such as agriculture and industry in their countries.

Briefing newsmen, Mr. Gadgil said the Congress(I) gave the Chinese visitors copies of the party constitution, rules and the speech of the Congress(I) president Mr. Narasimha Rao and the resolutions passed at the Tirupati plenary held in April.

The Chinese team will take a look at the Indian economy. It is also expected to hold discussions with the Confederation of Engineering Industry, the Federation of Indian Chambers of Commerce and Industry, the Board for Industrial and Financial Reconstruction [BIFR], the RBI [Reserve Bank of India], the Tata Consultancy Service, the Bombay Stock Exchange, the UTI and SEBI [expansions not given], besides Maruti Udyog, and the NOIDA [New Okhla Industrial Development Authority] export promotion zone authorities. Another port of call will be the Indian Space Research Organisation in Bangalore.

The CCP delegation told its Congress counterparts that together they represented two of the biggest ruling parties in the world and shared common views on many subjects. They emphasised China's Asian personality, and said the two countries together could play a significant role in bringing about a new political and economic international order.

Our Correspondent reports: China feels that the Indo-Pak dispute over Kashmir can be resolved "in a just and reasonable manner through negotiations," according to Mr. Wu Bangguo, leader of the Chinese delegation. Mr. Wu expressed this view during his call on the Minister of State for External Affairs, Mr. R.L. Bhatia, here today. During the talks, Mr. Bhatia detailed India's diplomatic efforts at improving relations in its neighbourhood and told Mr. Wu that with Pakistan's exception, India's relations with its neighbours had improved.

Mr. Wu told Mr. Bhatia that the General Secretary of the Chinese Communist Party, Mr. Jiang Zemin, had

accepted the invitation to visit India though the dates of the visit were yet to be finalised.

### Indian Military Delegations

93AS0044B Bombay THE TIMES OF INDIA  
in English 8 Sep 92 p 13

[Article: "China for Asian Security Conference in India"]

[Text] Beijing, Sept. 7 (PTI). A number of Chinese think-tanks, displaying enthusiasm for expanding dialogue with India, have agreed to cooperate in holding an Asian security conference in India next year.

During separate visits by the United Services Institution (USI) delegation led by vice-admiral S.P. Govil, and the National Defence College (NDC) delegation headed by Rear-Admiral J.M.S. Sodhi to Beijing last week, the Chinese side repeatedly stressed its desire for increased exchanges between the two countries.

The two Indian delegations had separate meetings with Maj Gen Xu Xin, director of the foreign affairs bureau of the People's Liberation Army, officials of the foreign ministry, the Beijing Institute of International Strategic Studies (BIISS), the National Defence University, and the Chinese Institute of Contemporary International Relations.

Gen Xu and the BIISS director, Gen Chai Chengwen, reportedly called for a discussion between China and India on all issues pertaining to security.

Gen Chai also expressed interest in cooperating with USI in holding the Asian security conference with the participation of the countries of Asia and the south Pacific.

The Chinese military leadership voiced support for the mutual visits of the naval ships from India and China, while disclaiming knowledge of any move to hold naval exercises, according to admirals Govil and Sodhi.

Both Indian delegations were told that China was currently concentrating on accelerated reforms and rapid economic development, and that it desired friendly relations with its neighbours.

The Indians were repeatedly told that the Chinese military presence on the Sino-Indian border was not of a size that warranted concern.

The Chinese side claimed its military expenditure was being reduced but parried queries concerning the acquisition of, or planned purchase of sophisticated weapons, as also the questions regarding the destination of the income generated by the thousands of factories and farms under the army's control.

China wanted India and Pakistan to sort out disputes among themselves and the same message was being given to both Indian and Pakistani visitors, the delegations were told.

Vice-Adm (Retd) K.K. Nayyar of the USI delegation presented a paper arguing that the international bodies

such as the United Nations and the monetary institutions had too narrow a governing base to equitably regulate global affairs.

Power had to be meaningfully diffused by enlarging the composition of the security council, taking into account human and material base of the countries concerned, he said.

China and India should jointly formulate policy options to prevent the division of existing nation states along narrow ethnic lines, and creation of unmanageable sub-entities without the means for meaningful development.

The two countries should join hands to promote regional stability and avoid frittering away scarce resources and leadership energies in non-development activities, he said.

### BJP Visit Plans

93AS0044C Madras *THE HINDU* in English 8 Sep 92 p 6

[Article: "BJP Team To Visit China"]

[Text] New Delhi, Sept. 7. China has invited leaders of the Bharatiya Janata Party [BJP] at the organisational level to visit the country later this year. The BJP has accepted the invitation.

A delegation of the BJP comprising senior party leaders is expected to visit China as soon as the dates are finalised. In all probability, the visit, in response to an invitation by the Chinese Association for International Understanding, would materialise in October or November.

Sources said though the BJP has not made up its mind about the composition of its team, Mr. Atal Behari Vajpayee, former Minister for External Affairs, will perhaps lead the delegation. Some retired Army officials, including Lt. Gen. K.P. Candeth, and the former diplomat, Mr. Brijesh Mishra may be part of the delegation.

It is for the first time that a political party other than the communist parties or the Congress with whom the communist parties abroad have maintained traditional relations has been invited to visit China.

The invitation is also an indication that the Chinese perhaps have lowered their communist rhetoric over the years. At the diplomatic level, the Chinese have been in constant touch with the BJP leaders. Even during the visit of the Chinese Premier, Mr. Li Peng to India some time ago, the BJP leaders were invited to meet him.

The BJP spokesman confirmed that an invitation had been received by the party leadership. However, he declined to comment on the composition of the team or the dates. He described it as a goodwill visit.

**Advani for Bangkok:** Mr. L.K. Advani, BJP Leader of the Opposition in the Lok Sabha will be visiting "Ayodhya" near Bangkok in Thailand. He is leaving tomorrow on a fortnight's visit to some South-East Asian countries, Canada and the United States.

Mr. Advani said he did not expect the Rao Government to last its full five-year term. He said he had revised his earlier assessment after watching the performance of the Government and its Ministers in the last few months. The major reason for the lack of credibility of the Congress government was that it managed a working majority in Parliament only by breaking smaller parties.

### Border Trade Assessed

93AS0044D Bombay *THE TIMES OF INDIA* in English 2 Sep 92 p 17

[Article by Law Kumar Mishra: "Border Trade With China Still Lax"]

[Text] Taklakot (Indo-China Border) September 1. Trade between India and China, formally launched on July 15, is yet to pick up with traders from both the sides apprehensive of the future. They are still exploring the market.

Taklakot, which used to be a busy trading point 30 years ago on the "silk route" is still to become a formal trade point. Businessmen from India and China are faced with problems in the absence of an agreement on currency exchange between the two governments. Whatever little transaction is taking place is on the barter system though the Indian government has opened a branch of State Bank of India at Gunji and China has opened a bank at Taklakot.

The Dharchula-Pulan route was a very busy trade route 30 years ago. According to the branch manager of State Bank of India at Dharchula, trade worth Rs [Rupees] 46 crores per annum used to take place on this route till 1962, when it stopped due to the Chinese invasion.

Before 1954, there was open trade on this route carried out by the traditional trading community of the Bhutiyas. Between 1954 and 1962, the trade was regulated and after that it was stopped. Due to the suspension of the trade, the economy of the region suffered and many Bhutiyas became paupers.

According to Mr. Chandersingh Gabryal, a trader from Dharchula, Indian and Chinese traders are still unsure of the success of the trade. He is the first Indian trader to enter India on August 14 after collecting wool and sheep from China. Another Indian trader, Mr. Bhalchandra Rohetela of Malapa village, had sent goods worth Rs 200,000 for barter. His brother, along with the goods, has been stranded at Garbyang at a height of 13,500 ft.

The traders are confused as the [word illegible] of duty-free goods has been [word illegible] announced. The newly [word illegible] trading officer of the Union [word illegible] ministry at Gunji, Mr. [word illegible] S. Kutiyal, said China had decided to make 25 traditional items duty-free and India 15 items. They include wool, yak, horses, [word illegible], sheep, sheep skin, borex powder, butter and silk. From [word illegible], import of textiles, vegetable [word illegible], sugar, dry fruits, agricultural equipment, tobacco, coffee and tea have been



made duty free by the Chinese government. But a formal agreement is yet to be signed.

Taklakot is the transit point. Traders from either side are not allowed to cross Taklakot where Tiddlemen act on behalf of traders. In the absence of a currency exchange agreement between the two governments, a barter system is being followed. The trading officer said the Chinese government was yet to agree on dollar payments.

The commerce ministry has authorised the district magistrate of Pithoragarh, the sub-divisional magistrate of Dharchula and the trading officer to issue travel permits to the traders. So far, 126 trades have received travel passes. They include some from Sikkim and Kalimpong. The Indian government has opened an immigration centre at Kalapani and the Chinese have opened one at Namithanga, 32km from the international border at Lipulekh Pass.

Indian traders complained that the decision of the U.P. [Uttar Pradesh] government to impose a sales tax of 40 per cent on items brought from China may harm the trade. They also want the trade period to be extended beyond September 30 as most of the traders are busy with agricultural operations. Of the 126 traders who got travel passes, only 50 have gone to the Chinese border for trade.

At present, trade from India to China is restricted to textiles. One trader from Nabhi village sent textiles worth Rs 50,000. Another trader from Sirkhola village has sent clothes to China and plans to bring back salt and borex powder. Big traders are still to jump into the fray.

#### **People Raise Fund for Food, Medical Aid to Cuba**

93AS0069A Calcutta *THE TELEGRAPH* in English  
6 Sep 92 p 4

[Article: "Indians Raise Rs. 3.7 Crores for Cuba"]

[Text] New Delhi, Sept. 5: In an overwhelming show of solidarity with Cuba, which is resisting the pressures of the mighty United States, the people of India have raised nearly Rs [Rupees] 3.7 crores towards the purchase of wheat and medical supplies as aid to the beleaguered nation.

The contribution is in response to the efforts of the National Committee for Solidarity with Cuba (NCSC) which was launched in December last year after the Indian Government had turned a deaf ear to Cuba's plea for help.

The entire aid will be converted into 10,000 tonnes of wheat and medical supplies which will be shipped from Haldia port towards the end of this month. A ship from Havana is expected to dock there shortly.

While the Left Parties and their mass organisations have played a key role in this massive effort to raise the amount, representatives of other parties, except the BJP [Bharatiya Janata Party], have also been involved.

Eminent personalities like Dr. Mulk Raj Anand, Mrinal Sen, Shyam Benegal, Sonal Mansingh and Swami

Agnivesh have also contributed to the efforts, while some others like Amitabh Bachchan and Rajesh Khanna have agreed to lend their name to the efforts.

"It was a rediscovery of our anti-imperialistic feelings and an attempt to identify our glorious past when we fought the British with that of Cuba's present which is refusing to be dictated by a powerful neighbour," says the CPI(M) [Communist Party of India-Marxist] leader, Mr. M.A. Baby, who is also the convener of the NCSC.

The contributions were raised in the form of money and at some places as rice and wheat from the individuals. But, in accordance with Cuba's wishes, it will be converted into wheat. Cuba's economy has been thrown into complete disarray by the collapse of Communism and the disintegration of the USSR, which was its main supplier of foodgrains. At such a critical juncture, a Bill seeking to prevent U.S. trade partners from having any trade relations with Cuba has been approved by one of the two Houses in the United States.

While the Indian Government is continuing its trade ties with Cuba after some dithering in the wake of the introduction of this Bill in the U.S. House of Representatives, it has not yet responded to Cuba's requests for help. Other nations have also turned a deaf ear to Cuba's call for help.

The French are the only other people who have organised relief supplies for Cuba besides the Indians. The French have already sent them a tanker full of oil.

Mr. Baby said the response of the people of India is probably a history of sorts. "Perhaps this is the biggest expression of solidarity with any country in material terms," he said. "There have been expressions of solidarity for many countries and causes like Palestine, the release of Nelson Mandela or even Vietnam. But this is the first time contributions of this magnitude have been collected from millions of people throughout the length and breadth of the country," he said.

The donations are mainly from youth and peasant organisations. But, individuals have also contributed for the cause. For example, a girl in Calcutta has sent a cheque of Rs. 300 which, she received as scholarship, to this committee. Another girl from a lower middle class family in Madras has contributed Rs. 6.50 which were her savings from a year's pocket money.

Artists, who are also associated with the effort, have organised exhibitions in several cities to sell their paintings. Several leading names of the Indian art scene like Vivan Sundaram, Aparna Kaul and Bikash Bhattacharya have contributed the money raised from the sales of their art.

Well-known Odissi dancer, Sonal Mansingh, performed a dance based on a poem by a well-known Cuban poet Pablo Neruda in New Delhi to raise money for the cause.

According to Mr. Baby, the gigantic effort of raising the contributions has become movement in the country. "If nothing else will, at least this should show to all those

who believe there is no alternative to toeing a U.S. line in a unipolar world, that resistance is still possible."

#### **'Measured Tilt' in Favor of UAE Noted**

93AS0072A Madras *THE HINDU* in English 21 Sep 92  
p 7

[Article by F.J. Khargamvala: Gulf Island Row: India Plays It Safe"]

[Text] Manama (Bahrain), Sept. 20. In what appeared to be a mild, innocuous statement, India has shown a measured tilt in favour of the UAE's position in its dispute over an island in the Gulf. India thus became the first non-Gulf and non-Arab government to spell out its view on the Iran-UAE dispute over Abu Musa island.

Though Indian officials will not comment on inter-governmental communications, it is learnt that the government of the UAE had sought the support of the five permanent members of the UN Security Council and literally a handful of other countries, including India. Last Wednesday, India made an announcement that is a careful expression of its support for the UAE, but yet can also be defended by the Indian Ambassador in Teheran.

#### **Lessons from the war:**

The move is considered significant as it draws lessons from the effects of India's position taken during the last Gulf war and India's role in the present regional environment. Notable is the fact that after the disturbed Indo-Gulf equilibrium in 1990-91, the UAE President, Sheikh Zayed bin Sultan al Nahyan visited India in April this year, the only Arab head of state to have come to India since the last Gulf war.

Privately Indian officials feel that India has put one over Pakistan in the case. Almost always, especially since the Kashmir problem erupted, India has had to input the Islamabad factor in its regional calculations. In this case Pakistan would find it more difficult to formulate an expression of tilt.

The low key statement formed part of a more focussed official announcement made in New Delhi on the visit of Oman's Under Secretary for Political Affairs, H.H. Sayyid Haitham bin Tariq bin Taimour al Said who called on the Prime Minister, Mr. P.V. Narasimha Rao. It read as follows: "H.H. Sayyid explained in some detail the situation in Abu Musa. The Indian side expressed the hope that existing differences would be resolved through friendly bilateral dialogue between the countries concerned in accordance with the relevant agreements. India, consistent with basic principles governing its foreign policy, reiterated its respect for the sovereignty and territorial integrity of all states, in the region. India attached importance to the maintenance of peace, stability and security in the region."

#### **Locus standi:**

The last sentence clearly suggests New Delhi's view that because of its interests it has a locus standi on what happens in the Gulf, thereby preempting any allegations

about external interference. The same sentence should also be viewed favourably by the UAE because it implicitly concurs in essence but not in tone, with the latter's view that Iran's unilateral actions disturbed the status quo.

The very fact of the statement is a recognition that "differences" have surfaced over sovereignty and not as Teheran claims, that nothing has happened. However, Iran should note India playing down what the UAE and the Gulf have rightly described as a dispute. By mentioning "dialogue between the countries concerned" India disagrees with Iran that Abu Musa is an issue not between itself and the UAE but between Iran and the federal component of Sarjah.

Yet if Iran seeks a clarification of this finely tuned statement, the Indian Ambassador in Teheran is equipped to say that contrary to the UAE's claim of sovereignty India has referred to "relevant agreements." The only relevant document is a November 1971 Memorandum of Understanding between Iran and Sharjah which apportions responsibilities and specifically states that neither side recognises the other's sovereignty over Abu Musa. Similarly India is silent on the UAE claim of sovereignty over the Greater and Lesser Tunb islands.

#### **Clear preference:**

The clear Indian preference for restoring the status quo leans toward the UAE's position because of the cold realities of India's ongoing enormous economic interests in the UAE outweighing a promising Indo-Iran relationship that is also marked by a larger similarity in their world view. Unfortunately Iran had altered the status quo by some force and intimidation.

Quite extraordinarily the Indian stand has almost been ignored in the UAE press, except for a mention of New Delhi's statement in one paper. All others' views have been highlighted by the UAE media which during the Iraq crisis played up the negative elements in the Indian stand.

### **Regional Affairs**

#### **Delhi Holds Seminar on Indian Ocean Security**

##### **Main Themes Discussed**

93AS0078A Madras *THE HINDU* in English 30 Sep 92  
p 9

[Article: "Challenges to Security in Indian Ocean Highlighted"]

[Text] New Delhi, Sept. 29. Four issues dominated the proceedings at the two-day seminar on "Indian Ocean: Challenges and Opportunities" which began here today.

Most speakers highlighted the challenges (and some offered prescriptions on how to address them) especially to India's military and economic security in the emerging international order. These include the expansion of nuclear proliferation, especially on account of the

emergence of unstable nuclear weapon States in Central Asian Republics of the former Soviet Union, political instability particularly in countries in West Asia and the Gulf hugging the Indian Ocean's western sea board. The problems posed by possible obstructions to free access to Indian Ocean waters on account of inter-State maritime disputes among littoral States, and the emergence of the United States as an unrivalled military power after the Soviet collapse.

These issues were raised in the context of the immense developmental opportunities which the rational exploitation of oceanic resources provided.

The Defence Minister, Mr. Sharad Pawar, highlighted the need to promote confidence through greater naval exchanges by India not only among countries in its neighbourhood but even those beyond its maritime boundaries. International cooperation was needed to check extreme forms of terrorist violence and narcotics trade—the latter often co-existing with it. However, the Defence Minister also reiterated India's position against the presence of extra-regional navies in Indian Ocean waters.

Mr. Pawar emphasised that the importance of exploitation of ocean resources was likely to increase on account of diminishing earth resources and this was being reinforced by heightening demographic pressures. The rational exploitation of Indian Ocean resources could contribute to sustainable development, he felt.

The Former Army Chief, Gen. K. Sundarji, who delivered the keynote address felt that the Indian Navy needed a shot in the arm. He advocated that it should receive 20 percent of the country's defence spending by the year 2000. Despite arguing in favour of closer Indo-U.S. ties he said India should possess a naval capability sufficiently powerful to deter the United States from contemplating aggressive postures.

This could be accomplished not through force parity but by possessing high naval capability which would make the cost of waging war against India prohibitively high. He reinforced his "two track doctrine" vis-a-vis the United States by arguing strongly in favour of India possessing a nuclear capability.

#### Nuclear Asymmetry

Many speakers highlighted the instability in Central Asia caused by the emergence of regional nuclear asymmetry especially because Kazakhstan had emerged as a nuclear power after the Soviet collapse. This issue led to a lively debate. While a British delegate, Sir James Eberle, felt that the nuclear threat from Central Asia was real but exaggerated (he cited the transfer of tactical nuclear weapons from the former Soviet Republics to a more stable Russia and Kazakhstan's commitment to sign the NPT [Nonproliferation Treaty] as a non-nuclear power). Air Commodore Jasjit Singh, Director, Institute of Defence Studies and Analyses (IDSA), disagreed.

He argued that Russia having reached, or being in the process of reaching, a state of political stability was

questionable. And therefore the threat posed by such a proliferation could not be brushed aside.

#### Heated Exchange

On the nuclear issue there was a heated exchange between the former Foreign Secretaries of India and Pakistan. While Mr. Niaz Naik reiterated the Pakistani position of regional nuclear disarmament to tackle the nuclear question, Mr. Rasgotra advocated universal disarmament as a means to eliminate the threat of a nuclear conflict. Mr. Rasgotra highlighted the need for an international declaration on non-use and no first use of nuclear weapons and a total ban on nuclear testing.

Rear Admiral O.P. Sharma drew attention to hiccups in maritime interaction caused by disputes on delineation of maritime boundaries.

#### Joint Naval Exercises Planned

93AS0078B Bombay THE TIMES OF INDIA  
in English 1 Oct 92 p 13

[Article: "Joint Exercises: India To Invite ASEAN Navies"]

[Text] New Delhi, Sept. 30. India has decided to invite to several friendly neighbouring naval powers located in east Asia to participate in joint exercises in the Bay of Bengal scheduled to be held early next year.

This was stated by the chief of naval staff, Admiral R. Ramdass, in his valedictory address delivered at the end of a two day seminar on "Indian Ocean, challenges and opportunities," here this evening.

Talking to some reporters immediately after his address, Admiral Ramdass said that the invitation would be conveyed "very soon" and was aimed at "building greater cooperation, openness, transparencies in operation and to generate understanding to be able to work together." It is understood that the concerned countries would essentially comprise the ASEAN [Association of South East Asian Nations] countries which would be extended individual invitations.

The naval chief said that if all went well the exercises should be held sometime in February March. In reply to a specific question Admiral Ramdass ruled out including China for joint Naval exercises in the proposed programme.

Making a case for a "collective ombudsman" to channelise regional cooperation among littoral states Admiral Ramdass called upon all concerned countries to voluntarily become members of an association to be known as the "Indian Ocean Panchayat."

Delivering his valedictory address Admiral Ramdass said that the proposed panchayat would also ensure avoidance of mutual interference in many areas and thus prevent conflict. In addition to a general body the panchayat could also have a regional council with select membership on a rotational basis. This council could be



empowered to take decisions on issues of common concern and arbitrate on issues of contention, he suggested.

The naval chief's offer came as fleet commander of the U.S. Seventh Fleet, Vice Admiral Timothy W. Wright, Vice Admiral (ret'd). J.J. Schweitzer, of the French navy and Admiral James Eberle, formerly of the Royal British Navy said the United States, British as well as the French navies were dedicated to remain in the Indian Ocean region with the objective of strengthening existing ties and developing new relationships.

Vice Admiral Wright said the U.S. aim was to remain involved in many regions of the world in which the Americans had vital national interest and this included the South Asia and the Indian Ocean. He said one of the keys to this goal was to lay the framework now for future multinational officials.

The Seventh Fleet commander said ties with traditional allies like Great Britain and Australia were now stronger than ever and said this effort had resulted in increased cooperation between his fleet and the French navy in the Indian Ocean.

Vice Admiral Wright said the United States wanted to open up lines of communication between the regional navies of South Asia and the Indian Ocean. Referring to the U.S. navy and Indian navy cooperation, the U.S. naval fleet commander said, "We are pledged to continue this cooperation as a means of improving our understanding of each other as well as our ability to tackle problems of mutual concern."

He said prospects for naval cooperation were equally positive throughout the region.

#### **Analyst Comments on Rao Letter to Sharif**

93AS0070A Madras THE HINDU in English 17 Sep 92 p 1

[Article by K.K. Katyal: "A Sharp Reply to Sharif"]

[Text] New Delhi, Sept. 16. It is not for the first time that India has told Pakistan to keep its hands off Kashmir if it is serious about normalising bilateral relations. But the bluntness with which this point is made by the Prime Minister, Mr. Narasimha Rao, in his reply to a recent letter from his Pakistani counterpart, Mr. Nawaz Sharif, is new. The tone and content of Mr. Rao's communication—the details of which are available now—leaves little scope for ambiguity about the dos and don'ts to be observed by Pakistan in the interest of mutual friendship and amity.

Mr. Rao's reply to the letter, brought here by the Pakistan Foreign Secretary, Mr. Shaharyar Khan, was sent just before the Jakarta meeting of the two Prime Ministers. However, the validity of the sentiments expressed therein is, if anything, reinforced by what transpired between them in Jakarta.

According to Mr. Rao, Pakistan's continuing and active support to secessionism is a crucial issue for India and

the prospects for improved relations could brighten only when it stops. The Prime Minister takes exception to Pakistan's continuing desire to define political and territorial identities of people on the basis of religion.

Mr. Rao recalls his offer—at their meetings since October last year—for purposive discussions with Pakistan and says India would be willing to hold substantive dialogue under the Simla Agreement when he (Mr. Sharif) is in a position to adopt an effective and practical approach to resolving outstanding issues, including Jammu and Kashmir. Obviously, Pakistan's present postures do not inspire confidence or even carry conviction of its credibility.

#### **The Other Plan**

Mr. Rao's tough tone is to be seen in the context of the recent developments—on the eve of the Foreign Secretaries' talks and soon after—notably a determined Pakistani bid to disturb Indian positions at Siachen (with disastrous results), the increased activity along the line of control in Jammu and Kashmir, new truculence in the rhetoric from across the border on Kashmir and the National Assembly resolution on Ayodhya. It makes India wonder whether Pakistan is going through the rituals of bilateralism so as to be able to embark on the other plan—to internationalise the Kashmir issue. It is, perhaps, encouraged to follow this line, now that the Security Council seat, to be vacated by India by the year-end, will be occupied by it as the representative of Asia.

The evidence of Pakistan's involvement in terrorist activities in Punjab and Jammu and Kashmir has piled up of late. The arrest of the kingpin of the Pakistan intelligence network in India around the middle of July provided a mine of information on Islamabad's role and the plans and activities of militants in India. The leads, provided by interrogation of the arrested person were, on the one hand, useful to the authorities in Punjab and, on the other, served as a reminder that, in diplomatic dealings with Pakistan, its record, and not its professions, has to be taken into account.

Mr. Rao's letter rejects Pakistan's claim that it has made consistent efforts to settle outstanding issues related to Jammu and Kashmir peacefully through negotiations. That, it is pointed out, is not India's perception.

The Prime Minister does not see any change in the consistent pattern of interference and violent encouragement to secessionist tendencies in Jammu and Kashmir by Pakistan. These trends, it is pointed out, have marked Pakistani policies more intensely and in more manifest forms over the last two or three years.

He agrees with Mr. Sharif that there had been no serious dialogue between the two countries but maintains that it was because of Pakistan's conduct in consistently distancing itself from the Simla Agreement and in not fulfilling its obligations.

**A Contradiction**

Pakistan's suggestion for talks on Kashmir under a specified provision—Article 6—of the Simla Agreement does not impress the Prime Minister. Negotiations cannot be a fragmented or compartmentalised exercise under one article or the other, he says, while maintaining that the totality of the agreement provides the framework for discussions. He sees a contradiction between Pakistan's commitment to the Simla Agreement (with bilateralism as its hallmark), on the one hand, and the oft-repeated statements reserving the right to raise the Kashmir issue on international fora, on the other. In support is mentioned Mr. Shaharyar Khan's clarification that the talk of the Simla Agreement does not preclude Pakistan from pursuing other courses, including the UN option.

**Sharma, Sri Lankan President, Speaks at Banquet**  
93AS0080A Madras THE HINDU in English 2 Oct 92  
p 1

[Article by K.K. Katyal]

[Text] New Delhi, Oct. 1: Making use of the opportunity of the Sri Lankan President Mr. R. Premadasa's presence here, India today reiterated its stand that effective devolution of powers was necessary for resolving the ethnic conflict in the island. This point was made by the President, Dr. Shankar Dayal Sharma, in his address at the banquet in Mr. Premadasa's honour and the Prime Minister, Mr. P.V. Narasimha Rao, in his talks with the visiting dignitary.

Mr. Premadasa arrived here this morning in his capacity as the SAARC [South Asian Association for Regional Cooperation] chairman, but the talks with him, as expected, also covered bilateral matters. The SAARC discussions focussed on the plans for establishing the South Asian Preferential Trade Arrangement (SAPTA).

The banquet speeches by the two leaders had some contrasting features. While Mr. Premadasa devoted himself wholly to SAARC issues, Dr. Sharma made a pointed reference to the ethnic problem in Sri Lanka and the value of the Indo-Sri Lanka Agreement. Describing the agreement as a sincere attempt to resolve the ethnic conflict, Dr. Sharma called for "an effective devolution of powers within the framework of a united Sri Lanka in which all citizens of the country would be able to live a secure life with honour and dignity as equal citizens." India, according to Dr. Sharma, looked forward to "seeing an early resolution of the ethnic conflict that continues to disrupt normal life and poses a threat to the integrity and unity of your beautiful country."

In his capacity as the chairman of the SAARC, Mr. Premadasa had been to Pakistan and Nepal and will visit the other SAARC countries later. The forthcoming summit in Dhaka in December will take up the proposal for the South Asian Preferential Trade Arrangement, as finalised in Colombo sometime ago. And this naturally was the main theme of discussions today.

India had always been keen on giving an economic content to cooperation among the South Asian countries—as evident from its stand from the first summit onward. The idea was, however, opposed by Pakistan because of fears of Indian hegemony. Gradually, economic compulsions asserted themselves and the proposal for a preferential trade area was mooted and accepted by all. (The Indian stand was outlined again today—in Dr. Sharma's address). "It is important," he said, "to get SAARC into substantive areas of economic activity so that it does not forever remain on the fringe of the people's life. We are encouraged by the fact that institutional mechanisms are being put in place for supporting enhanced cooperation between the member countries. India is committed to pursuing co-operation in this regard sincerely and at a pace which is acceptable to all the member States."

Mr. Premadasa, while referring to the rapid pace of economic integration in other parts of the world, wanted the commitment made in Colombo to be carried through with determination. He was hopeful that the treaty establishing SAPTA could be signed in Dhaka. South Asia, he noted, had the potential of a one billion strong market.

Apart from other factors, Mr. Premadasa's visit here and his talks with Mr. Rao are important because of the opportunity for the two leaders to establish a personal rapport. The lack of equation at the top was responsible for the chill in the bilateral field and the drift that followed. Mr. Rao and Mr. Premadasa did meet in Colombo last year at the time of the SAARC summit, but the occasion was not propitious because of the controversy over the circumstances in which the association's session was postponed earlier.

The stalemate in the ties between India and Sri Lanka was in part, both a cause and an effect of this phenomenon. Dramatic results, of course, are not to be expected from today's talks, but if the way is paved for meaningful inter-action between the two countries, the visit would have served a useful purpose.

**Commentary on Deepening India-Nepal Ties**

BK2310144992 Delhi All India Radio General Overseas Service in English 1010 GMT 23 Oct 92

[Commentary by Harish N. Das]

[Text] Prime Minister Mr. Narasimha Rao's three-day visit to Nepal has been reaffirmation of the unique ties that link the peoples of Nepal and India together. These ties, which are older than written history, go back to the dawn of time when the ebb and flow of great civilizations and empires had left their mark on the face of the subcontinent. They go back to the period, when Sita, the daughter of Mithila, gave her hand and her heart to a young prince of Ayodhya, tying the unbreakable bond between India and Nepal.

These bonds are not determined or limited by the documents of statecraft as they are based on the shared aspirations of the people of two countries. It is not by

accident that the hundreds of miles of border between India and Nepal today are completely open to the flow of men, of goods, of ideas. For centuries, our two peoples have been animated by the sense of a shared destiny. This is something that is stronger than even ties of geography and of history.

The ushering in of democracy in Nepal two years ago laid the political basis for the infusion of greater warmth in these relations. As B.P. Koirala once said, the democratic principle raises the status of the people from a subject to that of a citizen. Today, therefore, the people of Nepal stand on the threshold of a hopeful new era of progress and prosperity.

In this momentous task of national development, people of India are ready as always to cooperate with Nepalese for working closely together for common good. During the visit of the Nepalese prime minister, Mr. Koirala, to India last year, the two countries had reached agreements on a series of arrangements in key areas like trade, industry, agriculture, education, and water resources development. During Mr. Rao's visit, these arrangements have been examined and built upon in greater detail.

There is to be further liberalization in trade matters and the rules and regulations are to be simplified. This would help in increasing Nepalese exports to India. In order to improve and simplify the regime for export of Nepalese goods to India, it was decided that the existing Pro Forma Clearance System should be abolished and replaced by a system of certificate of origin issued by the Nepalese Government. Nepalese goods, which have more than 50 percent content, including Japanese labor, material, and the Indian material, have now been allowed access to the Indian market free of customs duties and quantitative restrictions. Nepalese labor content has been added for the first time to enhance Nepalese exports to India.

The Government of India has also agreed to allow movement of Nepalese private commercial vehicles from the Nepalese border to Calcutta and Haldia ports and back to facilitate their access to the Indian market and abroad. Nepal has also been allowed to import goods from India by payment in fully convertible currency in addition to the existing system of payment in Indian rupees. Indian exporters have also been allowed export benefits in freely convertible currency. Even the movement of Nepalese vehicles to Nepal through India has been allowed without cash deposit or bond system as was done earlier.

In order to be supportive of the economic development and well-being of the people of Nepal, the Government of India has further agreed to enhance the revolving standby credit facility extended to Nepal from rupees 350 million to rupees 500 million. The term of this agreement has also been extended from one year to three years.

In the areas of joint ventures, the liberalized guidelines of Indian Government for investment in joint ventures

abroad would greatly simplify the procedures for setting up such ventures in Nepal. Together with a certificate of origin system, this will promote Nepalese exports to India as also the industrialization of Nepal and local employment opportunities.

Both sides have also agreed on a timeframe for investigations, preparation of project reports et cetera on the Karnali, Pancheshwar, Sapta Koshi, Buddhi Gandaki, Kamla, and Bagmati projects, as also on the installation of flood forecasting and warning systems, the construction of flood protection embankments, and in power exchange. Even the participation of private sector in setting up of hydel [hydroelectric] projects has been allowed.

The follow up of these agreements and the spirit in which they have been reached should not be difficult in the atmosphere of trust and friendship.

### **Problem of Illegal Bangladesh Immigrants Faced**

#### **Chief Ministers' Conference**

93AS0094A Madras *THE HINDU* in English 29 Sep 92  
p 1

[Text] New Delhi, Sept. 28: A conference of select Chief Ministers, which examined the issue of illegal migration from Bangladesh, backed the proposal for a Central law to issue identity cards to those living in the infiltration-affected areas.

A resolution passed by the Chief Ministers of Bihar, West Bengal, Assam, Arunachal Pradesh, Tripura, Mizoram and the Deputy Chief Minister of Meghalaya underlined the need for "formulating an effective strategy and a well-coordinated plan of action to be implemented jointly by the Central Government and the State Governments" to deal with the problem.

The Chief Ministers held that large-scale migration from Bangladesh had led to serious problems, including demographic changes in different parts of the country.

"The conference viewed with concern that some organisations including the anti-talks faction of ULFA [United Liberation Front of Assam] have been encouraging or conniving at illegal migration. Such actions should be firmly dealt with both at the political and administrative levels," the resolution said.

Supporting the steps taken by the Government to strengthen the BSF [Border Security Force], tighten visa regulations and computerise the visa control system, the conference felt that still more powers should be accorded to the BSF and the Mobile Task Force in some areas.

The meeting felt that there was an urgent need to create public awareness of the socio-cultural, political and security implications of the entry of foreigners into India. "Such a campaign should aim at motivating the local people to come forward to report to the authorities about the presence of illegal migrants in their area."



Noting the fact that India enjoyed close relations with Bangladesh, the conference emphasised that all necessary steps should continue to be taken at the diplomatic level to prevent the entry of the citizens of that country.

#### Review Meetings

The conference decided that such meetings of Chief Ministers be held at least twice a year to review the measures taken by the Centre and the State Governments to deal with the problem of illegal migration.

In his speech, the Union Home Minister, Mr. S.B. Chavan, said it was "extremely difficult to make a realistic estimate of the extent of illegal migration that has taken place. However, there is no denying that the problem has assumed very serious dimensions...

"Whatever be the compelling motive or cause for the migration of people from Bangladesh, its continuous flow into India is a matter of serious concern for all of us. We know that a large number of Bangladeshi nationals find it easy to over-stay on account of the liberal visa agreement with Bangladesh," he said.

"The Central Government is fully conscious of the fact that it has to play an important role in strengthening the surveillance, patrolling of the border and extending support to the State Governments for strengthening their machinery for detection and deportation of illegal migrants," Mr. Chavan told the conference.

Apart from the problem of illegal migration, the Home Minister said Bangladeshi nationals continued to stay on in India after the expiry of their visa period. To deal with the problem, a Rs [Rupees] 1.43 crore scheme had been formulated to computerise the records relating to the grant of visas. Networking arrangements would be made with the Home Ministry and the capitals of West Bengal, Assam, Tripura and Meghalaya.

#### Request to Bangladesh

At the diplomatic level, the Centre had also requested the Bangladesh Government to take suitable measures to stop the migration of Bangladeshis into India, the Home Minister said.

Mr. Chavan said that in the note circulated to the conference certain issues had been identified for follow-up action by States. In the absence of administrative and legal safeguards, illegal migrants would continue to create documentary evidence in their favour such as procurement of ration cards, admission of children into educational institutions, domicile certificates and enrolment in the voter's list to legitimise their stay.

Speaking at the conference, the Minister of State for External Affairs, Mr. R.L. Bhatia, said all attempts to arrive at a diplomatic settlement of the issue with Bangladesh were continuing. During the visit of the Bangladesh Prime Minister, Begum Khaleda Zia, the issue was raised with her. Mr. Bhatia said the stance of Bangladesh on issues like Kashmir was positive.

The Bihar Chief Minister, Mr. Lallu Prasad Yadav, recognising the seriousness of the problem, said that his Government had deported some 150 persons between May 1990 and 1992. Maintaining that infiltration was an international issue, he said that action on the issue had to be taken by agencies of the Central Government. Since it was a matter between two countries, political action was called for, the Chief Minister said.

Supporting the Centre's move to strengthen the BSF, Mr. Yadav said there was a need to issue identity cards to persons living in the areas affected by infiltration. The Chief Minister said his Government had presented a scheme to the Centre to prevent the infiltration of Bangladeshis into his State. He suggested that the Centre grant the scheme early approval.

Mr. Yadav said illegal migrants were like "parasites" on the economy and socio-political structure of the State. To combat the problem, there was need for coordinated action between the Centre and the States.

Only through such coordination, the implementation of laws relating to the detection and deportation of foreigners was possible. There was need for the Centre to display the political will to redress the issue, Mr. Yadav added.

The Chief Ministers from the North-East pointed out that the problem of refugees from Myanmar also posed a serious problem. They suggested the early deportation of Chakma refugees.

It was also decided that henceforth Bangladeshis who entered India with valid travel documents would have to register themselves with the authorities here. This is to tackle the problem of overstaying.

Another suggestion that received support was that a monitoring group be set up at the State level to be headed by the Chief Secretary to review the steps taken to deal with the problem. The State police chief and BSF representatives would form part of the monitoring group.

#### Basu's Call

The West Bengal Chief Minister, Mr. Jyoti Basu, said the nature of the border his State had with Bangladesh made it difficult to maintain an effective check on infiltration.

Even so during the period January 1977 to August 1992, the Mobile Task Force identified and deported 3.34 lakh Muslim and 1.25 lakh Hindu infiltrators. Reports showed that of 33.15 lakh Bangladeshis who came with valid travel documents since 1972, only about 27.27 lakh left India after their visas expired, Mr. Basu told the conference.

PTI reports: Mr. Basu called for introduction of a system of registration to check the "continued infiltration from Bangladesh." He stressed the need for completion of work on construction of border roads and fencing as also strengthening border patrol.

Urging the Centre to take up the matter effectively with the Bangladesh Government, Mr. Basu said "human aspects should not be lost sight of while dealing with the problem."

### Visa Rules Tightened

93AS0094B Bombay *THE TIMES OF INDIA*  
in English 22 Sep 92 p 9

[Article by Prasun Sonwalkar]

[Text] New Delhi, September 21. In order to curb the entry of Bangladesh nationals into the country, the government has tightened visa regulations and approved a Rs [Rupees] 1.43-crore scheme to set up computerised visa control facilities linking border checkpoints, state capitals and the Centre, highly-placed sources said here today.

India's liberal visa policy, governed by the Indo-Bangladesh visa agreement, 1972, has encouraged Bangladesh nationals to settle or overstay unauthorisedly in the country. The government is considering a thorough review of the agreement but, meanwhile, has issued instructions to the Indian high commission in Dhaka to exercise a greater check on requests for visa on the basis of sponsorship certificates.

Under the agreement, a Bangladesh national, who enters India with an Indian visa, is not subject to any police registration for a period of 180 days and the places of visit are not specified in his visa. In addition, the visa is also granted by producing a sponsorship certificate from an Indian national residing in India. Experience has shown that such a liberal facility has been exploited by the Bangladesh nationals.

The high commission in Dhaka has been asked to strictly observe the following procedure while granting visas:

- In future, as a matter of course, checkpoint of entry and exit for the Bangladesh nationals should be the same as indicated in the visa.
- A copy each of the sponsorship certificate and visa application form should be attached with the visa which the holder may hand over to the checkpoint on entry. This will enable the authorities to verify the place and purpose of visit of the holder of the visa and take necessary action in the event of overstay.
- Ten percent of the sponsorship visa applications which are handled by the high commission should be sent on a random basis to the Union home ministry for prior clearance in addition to the existing "prior reference" category cases.

Besides, the sources said, instructions had been issued to state governments/Union territory administrations to grant extension of stay of Bangladesh nationals only for a maximum period of one month at a time. This would be limited to a total period of three months, over and above the period of visa originally granted by the high commission for certain specific reasons like illness etc. instead of up to one year as at present.

"Absence of scientific data-base often acts as a major handicap for taking timely action against Bangladesh nationals overstaying unauthorisedly," the sources said, and added that this was sought to be overcome with the government approving a scheme for computerised visa control. Cleared recently, the scheme would be implemented by the National Informatics Centre within a specific time-frame, the sources said.

The scheme entails computerising the records of visas granted by the high commission with networking arrangements in the Union home ministry. This would be further linked with the state capitals of West Bengal, Assam, Tripura and Meghalaya, the Dum Dum airport, Calcutta, and the following major land checkpoints on the international border: Haridaspur and Gojadanga (North 24 Parganas district), Gede (Nadia district) and Hilli (West Dinajpur district) in West Bengal and Karimganj district in Assam.

Important advantages from this measure would be speedy clearance of visa requests. There will be no delay in communicating the list of visas granted cancelled to all the concerned agencies, including entry/exit points; help compile a list of foreigners, overstaying immediately with the help of computers, that is, people who have entered the country but have failed to exit from the specified checkpoint.

Besides, all relevant information, including the addresses of Bangladesh nationals could be immediately accessed on the network by any of the authorised agencies to trace foreigners. The system would also help officials at checkpoints to check the actual issue of visas to enable detection of forged documents, the sources said.

### Electoral Rolls Revision

93AS0094C Calcutta *THE STATESMAN* in English  
6 Sep 92 p 7

[Text] Patna, Sept. 5: The Election Commission is taking a short cut in its bid to keep foreign nationals off the electoral rolls. The issue has already caused a controversy in Bihar.

The Election Commission has identified five districts in Bihar—Purnea, Kishanganj, Araria, Katihar and Sahibganj—and one block of Godda district affected by the problem of foreign nationals from Bangladesh. It has issued special instructions with regard to intensive revision of electoral rolls in these areas.

The intensive revision in progress will continue till the first week of next month. While the draft rolls will be published by January next, the final publication would be done in March. The last intensive revision of the electoral rolls was in 1988.

After a thorough information by the enumerators of these five districts, the list would be forwarded to the District Magistrate for verification of citizenship. The district authorities were going to seek police help, intelligence and other agencies to verify the citizenship of the

persons enumerated. The deletion of names of the foreign nationals would be done by the District Magistrate on the basis of the reports of the investigators.

The District Magistrate would, accordingly, inform the electoral registration officer that only confirmed Indian citizens would be included on the electoral rolls.

By the method, the Commission was escaping the legal process for identification of foreign nationals. "Lengthy legal hurdles would be bypassed in this way. Of course, it would not be the final decision as claims and objections would be invited after the publication of the draft rolls", an official said.

While this was no way to identify a foreign national, officials admit that it would be very difficult to prepare "defect" free electoral rolls.

They recalled that when in 1988 the then District Magistrate of Purnea had suggested the elimination of alleged foreigners in the rolls, the idea was scuttled due to political pressure.

Even this policy has come in for criticism by the politicians. The Kranti Morcha, headed by Mr Taylimuddin, a former M.P. from Kishanganj, has alleged that grave irregularities were being committed in the revision of the rolls.

"Genuine people were being eliminated from the rolls on grounds of being a Bangladeshi", the politician said, and added that the State Government should intervene.

On the other hand, the Vedishi Guspatisangarsh Samiti has alleged that no serious effort had been made by the authorities to remove the names of foreigners from the list. The instructions given to the officers were not enough, the Samiti's convenor, Mr Rajendra Prasad Gupta, said.

For the BJP [Bharatiya Janata Party], the "foreign national" problem has been a big issue. They have been alleged to put a religious angle to it as well. The BJP State general secretary, Mr Janardhan Prasad, said that any Hindu coming over from Bangladesh was a "refugee" while a Muslim was an "infiltrator". According to Mr Prasad, there were 18 lakh foreign nationals in the present electoral roll and another four lakh would be added after the current revision work was over.

According to him, the foreign nationals were in as many as 12 districts of the State. He said that enumeration work in these areas should be done by the employees of the Central Government. He wants that the 1971 rolls be used as a cut-off year for the removal of foreigners from the rolls.

He said that the party was dissatisfied with the way the Commission was preparing the rolls. The BJP was going to launch a movement from September 15 for the removal of the foreigners.

The Election Commission, in its instructions, has not talked of any cut-off year. For the intensive revision of rolls it was starting the whole exercise from a scratch.

Detailed instructions have been sent to districts and the supervisors involved in the preparation of the rolls.

One thing was certain that when the time for the final publication of the electoral rolls neared, the issue of the foreign nationals was going to snowball into a big problem in the areas identified by the Election Commission. Kishanganj and Purnea were going to be two trouble points.

## Internal Affairs

### Karnataka: Bangarappa Government Viewed

#### 'Money-Grubbers' Rule

93AS0014A Madras INDIAN EXPRESS in English  
5 Sep 92 pp 1, 11

[Article by Surya Prakash; quotation marks as published]

[Text] Bangalore: Given the present state of affairs in the Karnataka Lok Ayukta and Mr. Bangarappa's noticeable contempt for judicial pronouncements, Mr. Narasimha Rao's intransigence on the demand for removal of the Chief Minister despite the plummeting image of the state government, has begun to erode public faith in several institutions—the Prime Minister's Office not excluded.

The Bangarappa government is described by Congressmen themselves as one that is drenched in corruption. While the level of corruption during various regimes is a matter of degree, the general opinion is that there has been no Chief Minister like Mr. Bangarappa before. Consequently, visitors to Bangalore are treated to the most delicious bits of gossip and the Chief Minister is seen as a man who is either playing badminton or striking deals to acquire five star hotels, plush cinema halls and prime properties. The picture that is painted is that of a man who is grabbing real estate with maniacal zeal and it is even being said that the current phase of political uncertainty has only propelled him to take to these pursuits more vigorously. The Chief Minister may well dismiss all this as nothing but hogwash but there is no denying the fact that it has made his position untenable.

With the Congress leadership dragging its feet on the leadership change issue, part of the muck is inexorably getting deflected onto the Central leaders of the party. Mr. Ghulam Nabi Azad's frequent visits to Bangalore have set tongues wagging on the possible interest he had developed in this city. But he is not the only one from among the Delhi bosses whose name crops up in this context. There are several more on this list.

No port of call: Given this scenario, it would have been only natural for the people to turn to institutions like the Lok Ayukta. But that has not happened.

The bulky chargesheets against Mr. Bangarappa and his colleagues that have been given to the Prime Minister and the inclination of public spirited individuals to seek redressal in the Karnataka High Court are all pointers to the fact that the Lok Ayukta is no longer a port of call for



those who feel agitated over these issues. The reasons for this are many but suffice it to say that this institution has come to be viewed differently after Justice Rabindranath Pyne took over from Justice A.D. Koshal in January 1991.

The second institution that has failed to inspire confidence is the office of the Governor. Dissident Congressmen say that the Chief Minister has established an excellent rapport with Governor Kursheed Alam Khan and that therefore they have not been able to count on the Governor's timely and discrete intervention.

Though the judiciary is not as uninspiring as the other two institutions, there are serious doubts as to whether any redress is at all possible in the courts, given the attitude of the Chief Minister to even Supreme Court verdicts. A case in point is the announcement that the Bangarappa Government proposes to permit a dozen new capitation fees based on medical and engineering colleges. The announcement came immediately after the apex court prohibited collection of capitation fees.

It is in this background that dissident Congressmen turned to the Prime Minister. The first chargesheet against Mr. Bangarappa containing serious allegations against the Chief Minister was presented to Mr. Rao 12 months ago. A second and more exhaustive chargesheet was put in his hands last month. While exasperated Congressmen find the Prime Minister's silence inexplicable, Mr. Rao's non-response has sparked off the most unhealthy speculation.

Congressmen who are agitated over this issue emphasise that the Prime Minister and party president has no option but to probe these allegations. And such a course of action is inevitable even if Mr. Rao were to treat this purely as an intra-Congress affair. Initially, therefore, the expectation was that the Prime Minister would initiate at least an unofficial probe and warn the Chief Minister to mend his ways. No such thing has happened until now. Instead of having a chastening effect on them, the first chargesheet of August 1991 appears to have emboldened Mr. Bangarappa and his ministers to brazenly adopt an arbitrary style of functioning.

Nauseating list: Karnataka is therefore in a state of normlessness and the word has gone round that anything can be had for a price—from simple transfers and promotions to permits, licences, college seats and even police medals. Senior IPS [Indian Police Service] officers in the state confess that gallantry need hardly be the criteria for securing distinction at the hands of the President. The allegations against the Bangarappa administration constitute a nauseating list and a number of them are liquor related. Much of its philanthropy is incidentally directed towards excise contractors—some of whom had unexpected visitors from the income tax department some days ago. Here are a few cases.

—The government deliberately allowed an ordinance promulgated by the predecessor Veerendra Patil

regime to canalise liquor trade through a government agency—Mysore Sales International Ltd—in order to favour excise contractors.

—The government gifted 36 crores to excise contractors by magnanimously waiving interest on the dues accumulated by them on the specious plea that in the absence of an understanding between them and the government, the latter will not be able to recover even 50 per cent of the dues.

—Gift of 13 crores to liquor barons by way of increase in rate of rectified spirit with retrospective effect from 1989.

—Promotion of officers who have blotched their records. The best and most widely publicised case is that of Mr. J. Alexander, who became additional chief secretary and finance commissioner to begin with and now heads the bureaucracy as chief secretary. The Karnataka Lok Ayukta had at one time raided his residence and charged him with possession of unaccounted wealth of around Rs [Rupees] 70 lakhs. Soon thereafter the investigating officers were moved out and a new lot that came in put in a "B" report. There is also the case of a police officer who was accused of engineering the escape of the dreaded smuggler Veerappan in 1986. He has since been honoured with a promotion and elevation to the Indian Police Service. The Vice-Chancellor of Bangalore University is now facing charges of corruption. Given the serious allegations being made against him, the general expectation is that if Mr. Bangarappa survives in office, this Vice-Chancellor will go places.

—Raising the contingency fund from 80 crores to 500 crores through two ordinances so that the Chief Minister has a sizeable sum of money to spend according to his whims. There are two instances—one classic and the other "Classik"—that immediately come to mind. A classic case is that of Rs 8 crores paid from the contingency fund to needy liquor barons after the government raised the rate of rectified spirit with retrospective effect. The other is the more famous 'Classik' case. Since the government took a decision in a jiffy to give this company the order for 100 Apple Macintosh computers, a sum of Rs 1.58 crores was taken out of this fund to pay the advance.

But who are those chosen men who advice the Chief Minister on all these matters? That will have to wait till the morrow.

#### CM, Alexander Nexus

93AS0014B Madras INDIAN EXPRESS in English  
6 Sep 92 pp 1, 9

[Article by Surya Prakash]

[Text] Bangalore: The announcement last week of Mr. Bangarappa's decision to appoint Mr. Alexander as the Chief Secretary of Karnataka took no one by surprise because never before had there been such a marriage of minds. Bacchus, it is said, has brought them together and



they share a common ideal—promotion of the liquor lobby—and possibly common goals.

There was no element of surprise for yet another reason. Everyone was aware of Mr. Alexander's record—he had been hauled up some time ago under the Prevention of Corruption Act—as also of the consistency with which the Chief Minister encouraged and promoted those with a dubious past. Therefore, folklore has it that they are made for each other. Senior IAS [Indian Administrative Service] officers in the state believe that there is no other officer in this all-India service who can boast of Mr. Alexander's "credentials."

So, let us meet Mr. Alexander.

In 1963 when he joined Government service Mr. Alexander stated in his annual property returns that he did not possess any property. Again, on January 1, 1990, he declared that the only property owned by him and members of his family was a house consisting of a ground floor and first floor located on the Chinmaya Mission Hospital Road. Subsequently, the Karnataka Lok Ayukta registered a case under the Prevention of Corruption Act and its team of investigators headed by Mr. A.J. Anandan raided Mr. Alexander's residences.

What did the Lok Ayukta investigators find?

- Mr. Alexander's Chinmiah Hospital road residence had a second floor too, which he had concealed;
- A plot of land in the name of his son Jose in Indiranagar II stage;
- A three-bedroom apartment at Ranka Plaza, Wheeler Road, Bangalore, in the name of Johnson Alexander;
- One house in Indiranagar, Bangalore, built on a plot of land secured in the name of Ms. Betty John in 1982. A palatial house was built on this plot and rented out to Indian Distilleries and Breweries Ltd, with which Mr. Alexander had official dealings when he was Excise Commissioner;
- A three-bedroom flat in Kairali Apartment, Panampally Nagar, Cochin in the name of Mrs. Alexander;
- A 9-acre farm in Byrathi village, Bangalore district, with a building. This property too is in the name of Mrs. Alexander;
- Three rubber plantations in Idukki district, Kerala, standing in the names of Mrs. Alexander, Jose Alexander and Johnson Alexander;
- Two plots of land in Killikollur village, Quilon district, Kerala in the name of Mrs. Alexander;
- Two seaside villas to be used as beach resorts in the names of Mrs. Alexander and Jose Alexander.

But these are just his immovable properties. The list of moveables is equally mind boggling. Here is a sample:

**Motor Vehicles:** A Maruti gypsy vehicle given by Karnataka Distilleries and Breweries to Jose Alexander; a Fiat

car, a Maruti car and a Maruti van which are in the names of others and two motor cycles.

**Bank Lockers:** A locker in Syndicate bank, Indiranagar, in the name of one of Mr. Alexander's sons. Two family lockers in Andhra Bank and another in the name of Mrs. Alexander in SBI [State Bank of India], Indiranagar.

**Jewellery:** Gold ornaments worth Rs [Rupees] 7.18 lakhs.

**Life Insurance:** LIC [Life Insurance Corporation] policies with sum assured being around Rs 7 lakhs in the name of Mr. Alexander and his family members.

**Bank Accounts:** Rs 6 lakhs in several savings bank accounts in the names of members of Mr. Alexander's family. Of this Rs 2.75 lakhs was in an account opened in the name of "Delphin Alexander Family Trust."

**Fixed Deposits:** Fixed deposits totalling Rs 2.40 lakhs.

But this is not all. The most explosive find was fixed deposits totalling nearly Rs 40 lakhs which the investigators detected in various bank branches in Bangalore. They stumbled on these accounts following a tip off by the Director of Income Tax in Bangalore who told the Lok Ayukta that they had come across huge fixed deposits in fictitious names like Ashok, Beatrice, George, Thomas, John and Mary John in Karnataka Bank in Bangalore. The tax authorities said the development officer of the bank had told them that all these deposits belonged to Mr. Alexander and that the money in such deposits could be between Rs 60 and 70 lakhs. The Lok Ayukta said a prima facie case had been established and suggested that Mr. Alexander be immediately placed under suspension as there was every likelihood of his tampering with witnesses if he continued in office. The Veerendra Patil Government accepted the advice and suspended Mr. Alexander.

The effort to prosecute Mr. Alexander and several other officers was, however, torpedoed by Rajiv Gandhi's impulsive decision to remove Mr. Veerendra Patil and bring in Mr. Bangarappa. The new Chief Minister revoked the suspension orders served on Mr. Alexander and several other senior officers. The next move was to position these very officers at key places. Thus Mr. Alexander went on to become the Finance Commissioner and Additional Chief Secretary and was again promoted as Chief Secretary.

The other officers who faced corruption charges were Mr. H. Nagaraja Setty, Mr. B.S. Patil, Ms. Neeraj Rajkumar and Mr. Swatantra Rao—all IAS, Mr. Achut Rao and Mr. P.S. Garg—both IPS, and a forest service officer Mr. U.T. Alva.

The corruption cases have changed their fortunes. All of them now hold plum posts and some have even been promoted. Once these officers started moving up, officers with unblemished records would call the Lok Ayukta and jokingly request a raid on their houses too!

Conscientious investigators of the Lok Ayukta like Mr. A.J. Anandan and Mr. Y.S. Rao have also been

"rewarded" with repeated transfers of obscure posts. Mr. Anandan has been transferred six times in 18 months.

The cleaning-up process began only after Justice A.D. Kosha, retired as the Lok Ayukta, Mr. Bangarappa moved quickly to find a successor and had Justice Rabindranath Pyne appointed as the Lok Ayukta in January 1991. One of the first acts of the Government after Mr. Pyne took charge was to move out Mr. Anandan and his colleagues. They were shifted to inconsequential and obscure positions. There is no record to show that Justice Pyne spoke up on behalf of these. On the other hand the new investigators began the winding up operation with a great amount of diligence. The explanation of a stranger, who came on the scene to claim the benami fixed deposits which the bankman said belonged to Mr. Alexander, was accepted without a thought. Explanations offered by the other officers too were swallowed. The end result was the "B" final reports and the sketchy and vague explanations that the new investigators offered for closing these cases on grounds of mistake of fact.

The Lok Ayukta has subsequently closed several more such cases and the police too have been bitten by the "B" report bug. So lest their loyalty be called to question, they too have got into the act and come up with a "B" report to let off former minister S. Ramesh, who was accused in a murder case, off the hook.

Even if the Lok Ayukta let off Mr. Alexander and the other officers, what have the income tax authorities done. Is someone throwing a spanner into the works there too? In the meanwhile, the 'B' report wallahs are flying high.

### His 'Gifted' People

93AS0014C Madras *INDIAN EXPRESS* in English  
9 Sep 92 pp 1, 7

[Article by G. Virat Singh]

[Text] Bangalore—Bangarappa's Government has 'gifted' sites to six of his Cabinet colleagues, one Union Minister from Karnataka, two Congress-I MLAs [members of Legislative Assembly], three judges and 84 others through the Bangalore Development Authority (BDA).

The State Government guidelines are specific regarding the allotment of stray sites and there is no provision to allot stray sites to Ministers and legislators.

As per the guidelines, stray sites can be allotted to persons who have won special recognition in the field of art, science, literature, sports, education, medicine, social service, public administration at the state, national and international level, Freedom fighters residing in Bangalore for the past ten years, senior officers of both state and central government and to the dependants of Karnataka Government civil servants killed while performing duties.

General conditions that the applicant for a site should be a domicile of Karnataka for at least ten years, should not own a house or site in his or her own name or in the

name of the spouse in the metropolitan limits of Bangalore and the allottee should construct house in a stipulated time are applicable to the stray site allottees.

The beneficiaries of the allotment to stray sites by the stray sites allotment committee of the BDA headed by J. Alexander at its meeting on September 2 are Agriculture Minister N. Chikke Gowda, Forest Minister E.T. Shambhunath, Fisheries Minister A.M. Belliyappa, Endowment Minister Raja Amareesh Naik, Prisons Minister D.K. Shivakumar and Small Industries Minister Nazee Ahmed. The Union Minister of State for Coal Mr. Siddu Nyame Gowda and the Karnataka State Road Transport Corporation Chairman and MLA R.V. Devaraj, who is a close associate of the Chief Minister S. Bangarappa, and H.M. Revanna, MLA, are also the allottees.

Former Karnataka Chief Justice C. Mohan, Chief Justice U.L. Bhat and sitting judge of the Karnataka High Court Justice Shivappa too have been given sites. Incidentally, Justice Mohan is an outsider and does not fulfill the condition of being a domicile of the state for 10 years.

Excepting Mr. Siddu Nyame Gowda, who has been allotted site number 408 measuring 40 feet into 60 feet at the Matadahalli further extension, state ministers and the MLAs have been allotted sites of dimension measuring 50 feet into 80 feet. Site numbers and layouts are yet to be assigned pending relaxation of guidelines by the State Government for allotment of stray sites.

Prominent among the other allottees are Karnataka Public Service Commission member M.M. Naik, Mrs. T. Harikrishna, widow of slain Mysore Superintendent of Police Harikrishna and several state, central and academy award winners.

The allottees under various categories are:

- Sports category: Y.B. Patel, M.K. Monnappa, Govindaraju, B.R. Suresh, P. Asha, Kusti Basappa, C.K. Nagalakshmi, Cheluvaiiah, B.S. Vani, H.M. Revanna, MLA, B.P. Singh and N. Veena.
- Freedom fighters category: P.M. Srinivasa, B.M. Siddagowda, K.C. Channaiah, Gangavaradamma, Basappa Nagappa Kodivada, S. Sanjeeva Reddy, Sajeev Gowda, H.L. Linge Gowda, N. Nanjappa, T.C. Srikanthiah, M. Rajagopal, H.R. Vishveshwara, K. Venkatakrishnappa, C.S. Ananthaiah (Mitra), Mariyappa, Ramaiah, M.V. Subba Rao and Muniyappa.
- Artists category: Chi Udayshankar, Chindodi Neelagangamma, wife of Karibasavaraj, Radha Amarnath, Miss Shanthala, Bhargavi Narayan, M.C.S. Murthy and G.K. Venkatesh, Shravan Kumar and B.K. Suryanarayana.
- Other categories: Mrs. Radhika (international dancer), K. Indra (yoga), K. Sitaram (administration/police medal), P.P. Chandrashekar (administration and chief minister's gold medal winner), Dr. R. Srinivasan (scientist), Shravan Kumar (best producer), Abdul Rehman Pasha (state award in literature), Dr. Channabasavanna (Rajyotsava award for medicine), Prof

K. Kishore (science), Ameer Almas (national award in literature), Dr. B.T. Chidananda Murthy (medicine), Poornachandra Tejasvi (Rajyotsava award for literature), M.R. Kamble and K. Shivaram (Language Rajyotsava award), T.M. Mayachar (sculpture), V. Ramaiah and B.N.S. Reddy (police administration), B. Ramaswamy (Chief Minister's medal winner), K. Bhaskar Naidu (administration), M.P. Srinivasachar (sculpture national award), M.R. Ramaiah, C. Chandrashekar and Mrs. B.K.J. Menon (administration) Sundanandamma and R.R. Shivananda (social service), R. Venkataiah (national award), A.C. Sitaram (President's gold medal), G.R. Reddy (income tax commissioner), S. Honnaiah (state award for social service), Devanur Mahadeva (Sahitya academy awardee), Padma Vasanthi (state film awardee), B.B. Ashok Kumar (Galantry award), Sudha Suresh, wife of late B.N. Suresh (flutist), Lt. Col. Unnikrishnan (galantry award), Arakere Vishwanath (national award for agriculture) and Japhet Shanthappa (social work).

Besides this, the committee allotted sites to five persons following orders from the Chief Minister. The beneficiaries are: B.R. Achutha Rao, K.P. Vasantha Kumar, R. Sathvanarayana, Lt. Col. Rangappa Rangaswamy and Rama Rao V. Raiker.

According to sources in the BDA, the allotments in favour of ministers have been made without confirming that none of their family members have either a site or house in Bangalore.

The source, however, said that the concerned section in the BDA would not delay in finding truth on the basis of any information regarding the possession of site or house.

However, the order does not elaborate on the type of sport and the recognition of the allottees have gained. As per the broad rules, one has to be a gold medallist at national or international levels.

### AICC Urges CM's Removal

93AS0014D Madras INDIAN EXPRESS in English  
9 Sep 92 pp 1, 9

[Article by Bhaskar Roy]

[Text] New Delhi—The AICC [All India Congress Committee] general secretary in charge of Karnataka affairs, Mr. Nawal Kishore Sharma, has in a report to Congress president P.V. Narasimha Rao, recommended that Karnataka Chief Minister S. Bangarappa be replaced in the overall interest of the party.

The report submitted to Mr. Rao about a week ago by Mr. Sharma is understood to have discussed at length the state of the Congress in Karnataka. It is of the view that the crisis in the state party unit has assumed an all-India dimension.

In what constitutes a damning indictment of the incumbent chief minister, the report has said that in view of the raging controversy over the current state of affairs in

Karnataka, Mr. Bangarappa's continuation as chief minister is likely to impair the image of the Prime Minister himself.

The general secretary's report is understood to have said that the Congress government in the state has virtually stopped functioning. If this drift continues the party will alienate itself from the people. Mr. Naval Kishore Sharma, however, declined comment on his report to Mr. Rao. A general secretary's communication with the Congress President cannot be discussed with the press he said.

The party's latest assessment of the situation comes in the light of mounting scandals about the Bangarappa government and the sustained campaign by dissidents for a change of leadership.

The dissidents made their first move in August 1991 when they gave Mr. Rao a charge-sheet against the Chief Minister and pressed for Mr. Bangarappa's removal. A majority of the MPs [members of Parliament] from the state are also ranged against the chief minister and have been demanding his removal. Among the allegations levelled against him are that the chief minister has picked up a number of officials who were accused of corruption by the Lok Ayukta and given them key assignments in government.

When the Prime Minister failed to act on the first charge-sheets, the dissidents prepared a more exhaustive memorandum against the chief minister in August 1992. This memorandum was signed by over 100 legislators and was meant to force the hand of the PM [Prime Minister].

As the campaign against him heated up, the Bangarappa government took a couple of controversial decisions including denotification of land in Bangalore, allotment of stray house sites to a number of persons including three judges and granting "Classik" computer systems another Rs [Rupees] 52 lakh though the order placed on the company is itself the subject of controversy.

In the meanwhile, the PM's silence over the scandalous events in Bangalore has dragged the name of Mr. Narasimha Rao into the controversy. Mr. Bangarappa's supporters in the party have only further complicated matters for the Prime Minister by spreading the word that the chief minister has a good equation with one of Mr. Rao's sons. It is also being said that Mr. Bangarappa has the blessings of Satya Sai Baba and that the revered godman of Puttaparthi has put in a word on his behalf to the PM.

While assessing the situation in the state the report has stated that in the face of the current impasse, allowing Mr. Bangarappa to continue on the plea of his being a backward caste representative, would be politically inadvisable.

The report then goes on to explain the options available to Mr. Rao in his search for Mr. Bangarappa's successor if he decides to take into consideration the caste affiliation of the candidates.



**Likely successor:** The report has given a short list of leaders belonging to different social groups saying that any of them can be considered for the state's top job. Among the leaders whose names figure in the report as possible successors to Mr. Bangarappa are Mr. K.H. Ranganath, a senior Congressman and former minister, Mr. S.M. Krishna, Speaker of the Karnataka Assembly and Mr. Veerappa Moily, a senior member of the Bangarappa Cabinet who has been carrying on a relentless campaign against the Chief Minister.

All of them are members of the Congress Legislature Party. They, however, belong to different castes. Mr. Ranganath is a scheduled caste member, Mr. Krishna belongs to the Vokkaliga community, which has a dominant role in the life and politics of the old Mysore region and Mr. Moily hails from the backward class.

The report has stressed that the caste affiliation of the incumbent alone is not enough unless he performs his responsibility efficiently. Mr. Rao, who sought the assessment of the AICC of the political situation in Karnataka, however, has not yet made up his mind on the future course of action and on the choice of Mr. Bangarappa's successor.

Party sources say that true to his style the party president is making haste slowly perhaps to wear the chief minister down in the face of sustained dissident campaign.

In the meanwhile, several Congress MPs from the state called on the Prime Minister on Friday setting off speculation on the possibility of them seeking the Chief Minister's immediate removal.

### Supreme Court Defied

93AS0014E *Madras INDIAN EXPRESS in English*  
19 Sep 92 pp 1, 9

[Text] Bangalore—Contrary to the Supreme court order banning collection of capitation fees, the Bangarappa Government has granted permission to start nine capitation fee based colleges. The last date for admissions has been extended to September 30 to help these colleges function from this year itself. The Government has also granted fresh affiliation to nine engineering colleges. Of these, only two colleges had been recommended by an expert committee.

**Fresh affiliation:** In its order No ED 123 UDC 92, Bangalore dated 17 September 92, the Government has granted fresh affiliation to nine engineering colleges.

They are Srinivasa Trust, Bangalore; Rajiv Gandhi Engineering College, Kolar; Karnataka Institute of Technological Studies, Lakkasandra; NRI Institute of Technology, Bangalore; SPR Rural College of Engineering, Harohalli, Kanakapura; HMS Institute of Technology, Tumkur, TJ Institute of Technology, Nayandanahalli, Bangalore; Tontadarya Engineering College, Gadag; Maratha Mandal Engineering College, Belgaum, Srinivasea Engineering College, Mahadevapura, Bangalore.

Of these, only two colleges Sri Tontadarya Engineering College, Gadag and NRI Institute of Technology, Bangalore had been recommended by the expert committee headed by Prof L.S. Srinath, former Director of IIT Madras. (The other members of the Committee are Director of Technical Education P.V. Bhandari, KRE College Principal N.R. Shetty and JSS College Principal M.H. Dhananjaya.)

Most of the other managements had not even applied to the respective Universities for affiliation and now they suddenly find themselves being granted a college out of the blue, without even having applied for it. Besides the two colleges which are in the committee list, other colleges have been granted permission violating all norms. In the normal course, colleges are granted affiliation only after the Local Inquiry Committee (LIC) of the respective universities visit the colleges to check if they have the necessary infrastructure facilities. Subject to approval of the LIC, the names are sent to the government only after they have been accepted by the academic bodies of the University ties.

But in the case of these colleges no inspection was done. Nor had the University recommended their names to the government.

Ironically, at least three of these colleges are managed by liquor barons.

**Topsy-turvy:** The expert committee had received 40 proposals from private managements to start engineering colleges. These were scrutinised on July 13 and only eleven were found to conform to the norms prescribed by the All India Council for Technical Education. As the other colleges could not provide documents to support their claims, the committee decided not to recommend their names to the government. But when the government list finally came out, these colleges were in, while the ones recommended by the committee were out.

The expert panel has also recommended that a government committee should visit the spot and satisfy itself about all infrastructure facilities. It has also stated that the intake should be as per the rules of the respective universities. But the government has fixed the intake arbitrarily, thus throwing all recommendations to the wind.

The government order which says that permission was granted to these colleges to meet the demand for seats also adds that "the colleges/institutions which do not have the recommendation of the University concerned shall approach the university for clearance under Sec 53 of the Karnataka State University Act, 1976."

### Outcome of BJP National Executive Meeting

93AS0049A *Calcutta THE TELEGRAPH in English*  
25 Aug 92 p 4

[Article by Sankarshan Thakur: "A Mellowed BJP Goes Soft on Rao, Targets Arjun Singh"]



[Text] Bhopal, Aug. 24: The BJP's [Bharatiya Janata Party] three-day national executive session has ended with a sharp attack of the economic and political record of the Congress(I) government but with a distinct softening of the harsh assessment of the Prime Minister, Mr. P.V. Narasimha Rao, made during the last session at Gandhinagar.

Whereas the BJP had openly named and blamed Mr. Rao for being part of the coverup bid on Bofors at Gandhinagar, leaders here have refrained from any such personal attacks. Indeed, the BJP appears keen on playing on differences within the Congress(I), specially on the Ayodhya issue. It made it a point to note in the political resolution that "The Prime Minister also seemed to realise that the adversaries of the Ayodhya movement, both within the Congress party and outside, who were egging him on towards a showdown, were no well wishers of his. Their guns were trained not just on Kalyan Singh but also on the Prime Minister."

Addressing a press conference after the adoption of the resolution, the party president, Dr. Murli Manohar Joshi, identified these "elements within the Congress party" as the human resources development minister, Mr. Arjun Singh. There is perhaps added political significance to this not so subtle byplay aimed at Mr. Arjun Singh when the venue of the executive meet is Bhopal.

The toning down on Mr. Narasimha Rao is also perhaps in the hope that the Prime Minister will be obliging to the BJP-VHP-RSS [Bharatiya Janata Party-Vishwa Hindu Parishad-Rashtriya Swayamsevak Sangh] combine in the ongoing talks on Ayodhya, although it would be a folly to suggest that the BJP really wishes to see Mr. Narasimha Rao take credit for sorting out the Ayodhya tangle.

Barring this small but significant concession to the Prime Minister, though, the BJP national executive has given nothing away to the Centre. Indeed, in probably its harshest judgment of the government yet, the BJP resolution says, "The first year recently completed by the government has been one of the worst years in recent memory, marked by a crumbling economy, mounting social tensions, unprecedented civil disorder and ever increasing corruption at the highest levels. It was also a year in which the gap between the government's promises and performance, particularly on the economic front, reached a level that must strain the sensibility of the most credulous observer of the economic scene."

The political resolution rejected outright the Prime Minister's call for a three-year moratorium on contentious issues and said, "Let us make it clear to the Prime Minister that the country is not going to oblige him on this. On the other hand, there should be a permanent moratorium on the grievous sins his government, his party and their friends, visible and invisible, are committing with impunity."

Here again, as during the reference to the government's economy performance, Mr. Narasimha Rao has been spared any personal attack. And while other Opposition

parties have directly blamed Mr. Rao for splitting the Telugu Desam and the Janata Dal, the BJP's resolution stops short of it, blaming the "dirty tricks department of the Congress party, the state apparatus and the Prime Minister's office."

Among the "grievous sins" that the BJP feels are being committed are the alleged support by the Congress(I), Janata Dal and the Left parties to outfits like the Islamic Sevak Sangh (ISS), the Centre's "inaction" in Kashmir, and the mess in the economy as a result of the new policies and the securities scam.

While the BJP lauded the performance of its four state governments, the party executive attacked all other state administrations, charging them with corruption, directionlessness and anti-people attitudes.

Two Central ministers—Mr. Sharad Pawar and Mr. Arjun Singh, who also happen to be the main political adversaries of Mr. P.V. Narasimha Rao within the party—came in for special lashing at the executive with the leadership expressing the hope of an "early presidential decision of Mr. Kailash Joshi's plea to prosecute Mr. Arjun Singh for the Churhat lottery scandal."

**Reiteration on Ayodhya:** The Ayodhya issue was incorporated into the political resolution with the party hoping that the Prime Minister will be able to clinch a "just solution." It lauded the efforts of the Kalyan Singh government for the temple construction and said, "The last phase of the Ayodhya movement has greatly enhanced the BJP's credibility and created confidence in the people that come what may, the Ram temple will certainly be built."

The focus of the BJP's attack on the economy was the increasing dependence on foreign capital and industry which it said, was not only drawing the nation in debt but also threatening swaraj. "The spirit of swadeshi has to be revived as swadeshi and swaraj are indivisible," the resolution on the economy said, adding, "it is the BJP's policy to see that the multinationals do not swamp our economy and are kept under control."

The party admitted it stood for liberalisation by only of the kind that is based on self-reliance. "The BJP has never believed that the future of a country like India can depend on the goodwill of foreigners, whether they are multinationals or foreign countries. India must have a strong and self-reliant economy for without that you cannot have a competitive international economy... The countries who have acquired international clout today have kept the role of foreign capital small and India must see to it too."

Flaying the finance minister, Dr. Manmohan Singh's "misdirected obsession with foreign investment and globalisation," the BJP laid the main blame for the state of the economy on the policy direction given to liberalisation. "Foreign debt is swelling to Rs [Rupees] 2,50,000 crore, the average Indian carries a debt of Rs 6000 on his head, the economy is not growing, industry is stagnant, agricultural production is at a standstill... the

Rao government has little to show for itself except the boom and bust on the stock exchange and the banking scam which has enabled a few people to loot thousands of poor and middle class households."

The party also questioned the government's claims and said both in terms of investment and foreign exchange reserves, the new economic policy has failed. "The amount of foreign capital that condescended to come to India was no more than \$300 million as against the official expectation of 10 times more. And the so called improvement in foreign reserves is a myth that is as fraudulent as the government's claims of modernisation. Funds which have been taken as loans are being shown in the books as reserves."

**Common man:** A substantial part of the resolution, significantly, was devoted to the impact of the new policies on the agricultural and public sectors. The new mode, it said, had brought "nothing but misery" to the common man and hit out both at the low capital input into the agricultural sector and the neglect of public sector undertakings.

"The implications of the exit policy have yet to be fully spelt out but there is great dissatisfaction and frustration among the workers, scientists and technologists... The government has not bothered to utilise the full capacity and potential of many sophisticated public sector units due to the presence of foreign agencies," the resolution complained.

Calling for definitive plans to reduce foreign debt and the role of foreign capital and industry in the domestic market, the national executive warned, "Euphoria has evaporated and disenchantment with the Rao government's economic policies has set in. The mounting foreign debt will worsen in the balance of payments situation and absorb our export earnings which would result in skyrocketing prices."

#### **Developments in Ayodhya Shrine Issue Noted**

##### **Investigative Panel's Terms**

93AS0052A *Bombay THE TIMES OF INDIA*  
in English 4 Sep 92 p 13

[Article: "SC (supreme court) Panel on Ayodhya Submits Report"]

[Text] New Delhi, Sept. 3 (PTI). A three-member commission of experts appointed by the supreme court to investigate whether the construction of Ayodhya shrine violated the order of the Allahabad high court, today submitted its report to the apex court.

The commission headed by the registrar-general of the supreme court, Mr. S. Rai, handed over its findings to a division bench comprising Mr. Justice M.N. Venkatachallaiah and Mr. Justice G.N. Ray in the apex court.

The division bench had constituted the commission on a contempt petition by Mr. Achchan Rizvi and Mr. Mohd Aslam who contended that the Uttar Pradesh [UP] government had put up or permitted to be put on the

acquired land the construction of a permanent structure which was specifically prohibited by the October 25, 1991 order of the Allahabad high court and the November 15, 1991 order of the apex court.

Other members of the commission were: Prof. K.K. Nayar of the Indian Institute of Technology and Prof. Arvind Krishan of Delhi School of Planning and Architecture.

The contempt petitioners have also contended that such a structure put up after July 15 this year, has violated the orders of the Allahabad high court.

The UP government had taken the stand that it had not committed any contempt of court orders and that the cement platform had been put up by sadhus and mahants for the benefit of pilgrims to congregate and listen to religious discourses.

The government had also told the apex court in various affidavits that it had tried to best to stop the construction, but because of the sensitive situation it had not been possible to do so.

The court had set the following terms of reference for the commission:

The commissioners will make a report as to the nature, size and alignment of all such structures existing on the acquired land as on date.

The commissioners shall report whether the platform, a cement concrete structure, said to exist on the acquired land now, was a mere pilgrim amenity (as stated by the state government) or whether having regard to its size, dimension and strength, has the capacity to bear the load of a future, larger structure as a temple.

The commission will report as to whether the nature, scale and magnitude of the works executed were such as could not have been carried out without the help of water tankers, electricity, cement concrete mixers, vibrators and earth moving.

The commission will indicate the nature of the material used in construction of the platform and whether the structure was temporary or permanent and give the reasons for its conclusion on this behalf.

The commission will also examine and report whether such a structure as obtaining on the acquired land required interior levelling of land or excavation of earth.

##### **Panel's Conclusions**

93AS0052B *Bombay THE TIMES OF INDIA*  
in English 10 Sep 92 p 3

[Article: "Ayodhya Probe Inconclusive"]

[Text] New Delhi, Sept. 9. The three-member supreme court commission, which investigated the nature and extent of a concrete platform on the acquired land at Ayodhya, has said it has not been able to come to any conclusion on whether the structure can support a future temple, reports PTI.

In its preliminary report submitted to the apex court, the commission headed by the registrar-general, Mr. Sankat Pai, has said, "in the absence of full architectural details of the superstructure such as a temple, it is not possible to state that the layout and plan form of the structure constructed, having regard to its size and dimension corresponds to a foundation raft for such a structure."

However, the commission said, if one desired, a modified form of a classical temple can be related to the present configuration.

The commission said the capacity of the structure to bear the load of a large temple has to be looked at in two ways, in the absence of any specific plans.

If the structural system of a temple is such that it transfers load uniformly over the entire area through lightly loaded walls and closely spaced columns or walls, both the soil and the concrete should be able to support it, without any duress.

The report said for a structural system considering of heavy exterior walls and internal columns placed at discrete intervals and at large spacings, a rigorous analysis will have to be carried out using appropriate soil and structural properties and the stresses developed should be critically examined before it can be declared a raft foundation.

However, it was very unlikely that this structure can be a foundation for such a temple system as it has a non-homogenous plain concrete and bears on a soil strata which is susceptible to differential settlement.

On the question whether the cement platform was of temporary or permanent nature and commission said in view of the average durability of the concrete and the fact that it has been constructed on strata containing loose fill material without safeguards against soil erosion, it was of the view that it was not of a permanent nature.

In the present unfinished and unprotected form the structure may not have the minimum span of 50 years which is conventionally adopted in the design and construction of permanent structures.

The commission however said that if adequate safeguards are taken against soil erosion and the concrete surface was protected from damage due to weathering and abrasions, the life span can be enhanced to that of a permanent structure.

Meanwhile, the Centre is optimistic of finding a solution to the vexed Ram Janam Bhoomi-Babri Masjid dispute through talks even now without minimising the differences between the contending parties.

One could say there is lot of common ground to give rise to such optimism, an official spokesman said here adding that the Ayodhya cell in the Prime Minister's office had held discussions with a last spectrum of representatives in the last one month to ascertain their views.

The spokesman said voluminous information had been collected during the past one month and senior officers and advisers in the Prime Minister's office had interacted with the Uttar Pradesh government.

Mr. Naresh Chandra who is heading the cell visited Lucknow and Ayodhya and held discussion with various temple who has a view point on the dispute.

The spokesman said the cell had been entrusted the task of preparing ground for bringing about amicable solution to the dispute and take preparatory steps for consolidating court cases so that if necessary to refer it to the central judicial-authority.

### 'Meeting of Minds'

93AS0052C Bombay THE TIMES OF INDIA  
in English 12 Sep 92 p 1

[Article: "'Meeting of Minds' on Ayodhya"]

[Text] New Delhi, September 11. Mr. P.V. Narasimha Rao's 60 sittings in the last 40 days on the Ayodhya issue with Hindu and Muslim leaders has resulted in "a general meeting of minds" among both Hindus and Muslims "that the mandir should be built."

"However, there are certain areas where differences exist as to the disputed structure. The Prime Minister has already spelt out the government's stand on this issue. He has been spending a lot of time with various political leaders. In addition to the Prime Minister, several ministers and senior leaders have also been meeting various religious leaders to work out a possible solution," said a statement issued by the Prime Minister's office today.

The statement provides an account of the work of the special cell in the Prime Minister's office on Ayodhya headed by Mr. Naresh Chandra, senior adviser to the Prime Minister, since August and the hectic efforts now in progress to prepare the ground for interaction for an acceptable solution to the Ayodhya problem.

The Ayodhya cell was formed with the objective of providing background support for the negotiations aimed at obtaining an amicable solution to the Ram Janambhoomi-Babri masjid dispute and taking preparatory action for consolidating the court cases with a view to referring them to a single judicial authority, if it becomes necessary, in terms of the Prime Minister's statement in Parliament on July 27.

The cell has already completed the laborious and time-consuming task of examining the material which was exchanged between the Vishva Hindu Parishad [VHP] and the all-India Babri masjid action committee between December 1990 and February 1991 during the negotiations presided over by the then minister of state for home, Mr. Subodh Kant Sahay. The material runs into several hundred pages and has been studied in detail by the officers of the cell.

Arguments of both sides and the issues that require further examination have been identified and the summaries prepared.

Similar compilation and analysis of available records of other negotiations such as those held during the period of Mr. V.P. Singh as well as during 1988-89 have already been completed. Mr. Narasimha Rao and Mr. Naresh Chandra have been receiving a number of eminent citizens connected with the dispute. Background comments and factual summaries on points raised during this interaction have also been prepared by the cell.

The statement said: "The Prime Minister had been meeting the leaders of both Muslim and Hindu committees. During the last 40 days, he had more than 60 sittings on this issue with various delegations and various religious and political leaders. He had detailed discussions with the leaders of the Muslim personal law board, the Muslim personal law conference, the Babri masjid action committee, the Babri masjid coordination committee and various Shia leaders and Ulemas.

"He had also met representatives of the Hindu Mahasabha, the VHP, the BJP [Bharatiya Janata Party], saints and sadhus individually and in groups. All these efforts were basically aimed at working out a plan of action which would be acceptable to all concerned so that an amicable solution could be found to this problem."

The Ayodhya cell has obtained details of the suits, writ petitions and proceedings pending in the high court and the supreme court in connection with the temple dispute. Important cases have been identified and steps are under way to obtain copies of relevant records from appropriate courts for preparing case summaries.

The cell has also interacted with the Uttar Pradesh government during meetings held in Lucknow and in New Delhi to obtain and analyse the information relevant to the dispute. The cell also visited Lucknow and Ayodhya recently for an on-the-spot assessment.



### Singh's Talks, Speech at IMF Reported

93AS0082A Madras THE HINDU in English 21 Sep 92  
p 1

[Article by R. Chakrapani; quotation marks as published]

[Text] Washington, Sept. 20: The Finance Minister, Dr. Manmohan Singh today stressed the need for uninterrupted funding for developing countries that had embarked on the path of economic reforms by creating a successor to the enhanced structural adjustment facility (ESAF) of the International Monetary Fund (IMF).

Dr. Manmohan Singh, who was addressing the policy-making interim committee of the IMF said this became all the more necessary at a time when the international flow of funds to developing countries faced a slowdown on account of volatility in financial markets.

The Finance Minister welcomed the decision to extend the operations of the ESAF by a year until the end of 1993. "The ESAF had played a very valuable role. It must be ensured that a concessional successor facility to ESAF should be created well in time."

India, which had not availed itself of the ESAF which in some respects is like the World Bank affiliate had earlier this month informed the IMF that it wanted this facility. Like IDA [International Development Association], ESAF charges very nominal interest but it extends the duration and grace period for repayment. The question of creating a permanent ESAF-like facility will be one of the topics for discussion at the interim committee.

'Modest needs': Speaking about India's future financial needs from the IMF, he said "our financial needs are modest. India's adjustment programme, for example, needs only additional support of about \$3 b. this year, and about \$2 b. a year for the next three years. The timely availability of this modest amount can make an enormous difference to the success of our restructuring effort. The success of our effort is of considerable importance to the world."

He said growth in India would expand the demand for goods and services worldwide as India opened up its economy. "What is true of India is also true of other developing countries," he said.

He also stressed the need for successfully concluding the Uruguay round of trade negotiations. "The world trade environment should be kept as open as possible, in fact it should be opened up further," he said. "The success of the Uruguay round is crucial to this and we are committed to a successful conclusion of the round which would strengthen the rule of law in international trade."

Earlier, referring to India's reform programme, he said the present Government took office in June 1991 at a time of unprecedented economic crisis. "Since then, a major transformation has been brought about. Fiscal imbalances have been overcome. Last year, we reduced the fiscal deficit from 9 percent to GDP [Gross Domestic Product] a year ago to 6.5 percent. This year we will

reduce the fiscal deficit further to 5 percent. Industrial deregulation has paved the way for greater competition and industrial dynamism. Encouragement for direct foreign investment has become a major policy objective."

Referring to the rupee, he said this had been made partially convertible. A thorough and systematic reform of the tax system and financial sector was a priority item on the national agenda.

More assistance assured: Dr. Manmohan Singh, who held wideranging discussions last night with the IMF Managing Director, Mr. Michel Camdessus, received assurances on more assistance to put India back on the path of sustained growth.

Twenty four hours after his arrival here for the Fund-Bank meetings, Dr. Manmohan Singh plunged into discussions with the chiefs of the IMF, the World Bank and a number of Finance Ministers, both from industrialised and developing countries on global economic issues as well as India's own reform programme about which there is widespread interest here.

Pat for reform: At his 40-minute discussions with Mr. Camdessus, Dr. Manmohan Singh received compliments on the progress achieved by India so far in its reform efforts. Mr. Camdessus, who had publicly applauded India's efforts at his press conference, told Dr. Manmohan Singh that he meant what he said, adding that the Indian effort was a credible example of a successful Fund programme to achieve macro-economic stability and high economic growth.

Mr. Camdessus had said at the press conference that India had made very remarkable progress in opening up the economy in the framework of the Fund assisted standby credit programme. He welcomed the recent steps announced—cutting down subsidies on fertilizer and energy prices and opening the economy to foreign investment and said all this was a fantastic change which bodes well for the future.

Apprised of indicators: Dr. Manmohan Singh took the occasion to apprise the IMF Managing Director with the latest economic indicators. The favourable monsoon rains, the prospects of better agricultural yields and anticipated rise in industrial production would help achieve the target of 3.2 percent increase in economic growth and reach 5 percent at the end of the fiscal year, he pointed out. Inflation had been brought down to a level below 8 percent from the previous double digit rate and the fiscal deficit was also substantially reduced.

Accompanying Dr. Singh to the talks with Mr. Camdessus were the Governor of the Reserve Bank, Mr. S. Venkitaramanan, the secretary for Economic Affairs, Mr. M. Ahluwalia, and the Joint Secretary, Mr. N.K. Singh.

The Finance Minister is calling on the World Bank president, Mr. Lewis T. Preston tomorrow and will discuss issues coming up before the Fund-Bank meetings and India's aid relations with the Bank. During this week, he will also see the U.S. Treasury Secretary, Mr.

Nicholas Brady, the Japanese Finance Minister, Mr. Tstutomu Hata and the German Finance Minister, Mr. Theo Waigal among others.

Separately, Mr. Ahluwalia and Dr. Singh held talks with World Bank's Senior Vice President, Mr. Ernest Stern and the Vice-President for Asia, Mr. Joseph Wood. The issues discussed included fulfilment of the targeted IBRD [International Bank for Reconstruction and Development] and IDA aid for the year, faster pace of utilisation of Bank approved credits already in the pipeline and the scheduled meeting of the World Bank executive board on the recommendations of the World Bank team on the report of the Broadford Commission.

The World Bank officials were brought up to date on the constructive response of India to the Broadford Commission report.

#### **Foreign Institutional Investors Given Guidelines**

93AS0042A Madras THE HINDU in English 15 Sep 92  
p 12

[Article: "Foreign Institutional Investors Can Buy Shares Within Limits"]

[Text] New Delhi, Sept. 14. The Union government, on the eve of the Finance Minister, Dr. Manmohan Singh's departure for Washington, announced the promised guidelines for foreign institutional investors (FIIs) to invest in Indian stock markets. These institutions will have to get registered with the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) and will be allowed to collectively hold a maximum of 24 percent of the issued share capital in any one company. The holding of any single FII in any company will be a maximum five percent of the total issued capital. The RBI will monitor the limits.

The Union Finance Minister, Dr. Manmohan Singh, had announced in his 1992-93 budget that reputed foreign investors would be allowed to invest in the Indian capital markets. Consequently, the guidelines specify that pensions funds, mutual funds, investment trusts, asset management companies, nominee companies and incorporated/institutional portfolio managers or their power of attorney holders (providing discretionary and non-discretionary portfolio management services) would be allowed to invest here.

#### **Registration With SEBI and RBI**

The FIIs will be required to register themselves with the SEBI before any investment is made by them in all the securities traded on the primary and secondary markets, including equity and other securities/instruments of companies, which are listed or are to be listed on the stock exchanges of India, including the Over-the counter (OTC) Exchange of India. These would also include shares, debentures, warrants and schemes floated by domestic mutual funds. The Government has also kept the option of adding further categories of securities later. Nominee companies, affiliates and subsidiaries of an FII will be treated as separate FIIs for registration.

Since there are foreign exchange controls in force, the FIIs will also have to file with the SEBI another application for the RBI in order to seek various permissions under the Foreign Exchange Regulation Act (FERA). The RBI's general permission will be obtained by the SEBI before granting initial registration.

For granting registration to the FII, the SEBI will take into account the track record of the FII, its professional competence, financial soundness, experience and such other relevant criteria. Besides, the FIIs, seeking initial registration from the SEBI, shall be required to hold a registration from the Securities Commission or the regulatory organisation for the stock market in the country of domicile or incorporation of the FII.

The SEBI's and the RBI's initial registration will be valid for a period of five years. Both will be renewable for a similar period later on. However, there will be no lock-in period for the purposes of investment but the expectation is that the differential in the rates of taxation of the long term capital gains and short term capital gains will automatically induce FIIs to retain their investments as long term investments.

#### **Tax Concessions**

The FIIs investing under this scheme will benefit from a concessional tax regime of a flat tax rate of 20 percent on dividend and interest income and a tax rate of 10 percent on long term (one year or more) capital gains. The necessary legislative amendments giving effect to this will be brought at the time of the 1993-94 budget and all FIIs investing under this scheme even in 1992-93 will be covered.

The guidelines also say that while there is no limit—maximum or minimum—for the purpose of entry of FIIs in the primary or secondary markets, portfolio investments in these two markets will be subject to a ceiling of 24 percent of the issued share capital for the total holdings of all registered FIIs in any one company. The ceiling will apply to all holdings taking into account the conversions out of the fully and partly convertible debentures issued by the company. The holding of a single FII in any company will also be subject to a ceiling of five percent of the total issued capital. For this purpose, the holdings of an FII group will be counted as holdings of a single FII.

The maximum holding of 24 percent for all non-resident portfolio investments, including those of registered FIIs, will also include non-resident Indian (NRI) corporate and non-corporate investments but will not include foreign investment under financial collaborations (direct foreign investment) which is permitted up to 51 percent in select high priority areas. Investments by FIIs through offshore single/regional funds, global depository receipts and Euroconvertibles will also not be included.

The RBI's permission to FIIs will enable them to buy, sell and realise capital gains on investments made through initial corpus remitted to India, subscribe or

renounce rights offerings of shares, invest on all recognised stock exchanges through a designated bank and to appoint a custodian for custody of investments held.

#### Local Custodians

The RBI general permission will also enable the FIIs to open foreign currency denominated accounts in a designated bank and these can be more than one account in the same bank branch each designated in different foreign currencies if necessary for operational purposes. They can also open special no-resident rupee accounts to which could be credited all receipts from capital inflows, sale proceeds of shares, dividends and interests. They can transfer sums from the foreign currency accounts to the rupee accounts and vice-versa, at market rates of exchange.

The FIIs will have to make investment in the securities from the balances in the rupee account and transfer repatriable (after tax) proceeds from the rupee accounts to the foreign currency accounts. The FIIs can repatriate the capital, capital gains, dividends, incomes received by way of interest etc. and any compensation received towards sale or renouncement of rights offerings of shares, subject to the designated branch of the bank or custodian being authorised to deduct or withhold tax on capital gains and arranging to pay such tax and remitting the net proceeds at market rates of exchange. The RBI permission will also enable FIIs to register their holdings without any further clearance under FERA [Foreign Exchange Regulations Act].

#### Only Cash Transactions

Disinvestment will be allowed only through stock exchanges of India, including the OTC Exchange. In exceptional cases, the SEBI may permit sales other than through the stock exchanges, provided the sale price is not significantly different from the stock market quotations, where available.

The guidelines stipulate that all secondary market operations will be only through stock exchanges, including the OTC Exchange, and registered FIIs will be expected not to engage in any short selling and to take delivery on purchase and give deliveries on sale. The FIIs can also appoint custodians approved by the SEBI for confirmation of transactions, for information reporting and holding of securities. Such custodians will have to establish separate accounts for detailing on a daily basis for investment capital utilisation and securities held by each FII for which it is acting as custodian. The custodian will report to the RBI and SEBI semi-annually as part of its disclosure and reporting guidelines.

Since the RBI will monitor the limits on investment, it will inform the designated banks the list of companies where no investment will be allowed once the 24 percent limit is reached. The RBI, consequently, may at any time order an FII to submit information records of utilisation of inward remittances and a statement on securities transactions. The RBI and the SEBI have also been

permitted to conduct at any time a direct inspection of the records and accounting books of a registered FII.

#### New Policy To Attract Global Electronic Firms

93AS0051A Madras *THE HINDU* in English 11 Sep 92 p 1

[Article: "Electronic Parks To Attract MNCs (multinational corporations)"]

[Text] New Delhi, Sept. 10. The Government today announced a major policy for attracting global electronic giants to make India a base for their international operations.

Electronics Hardware Technology Parks (EHTP) similar to the existing 100 percent export-oriented units and export processing zones will be allowed to be set up with additional facilities including permission to sell the produce in the domestic market. The definition of EHTP has also been liberalised to include consumer and entertainment electronics as well.

#### Complaints

Announcing the EHTP policy at a press conference, the Minister of State for Science and Technology, Mr. P.R. Kumaramangalam, said the Indian electronics industry had been criticised for not earning enough foreign exchange to finance its import requirements. On the other hand, the domestic electronic industry had been complaining that it was not able to compete in the global market because of high cost, cascading effect of duty and taxes and difficulties in getting quick reimbursement of duty drawback.

While global electronic giants operated on the basis of large volumes and small savings, the domestic market was not adequate for minimum economic size particularly for the components and material sector. The price of indigenously made components in India was generally two and a half times the prevailing global prices as most component manufacturing units were catering to only the domestic market and hence at sub-optimal levels.

Mr. Kumaramangalam said following liberalisation, several multinational corporations expressed interest in making India their production base and the EHTP scheme was evolved in pursuance of that objective. The scheme would give an opportunity to the domestic companies also to import capital goods and components at zero rate of customs duty for export production.

#### Important Features

Some of the important features of the EHTP are as follows: (i) While the Central Government will not set up the infrastructure, the State Governments, public or private sector units could set them up and even an individual unit could become an EHTP; (ii) There will be no stipulation of minimum added value in EHTP. However, no access to the domestic market will be available to EHTP units with less than 15 percent value addition; (iii) The domestic market access will be 25 percent in the case of equipment and 30 percent for



components and material if the value addition is between 15 and 25 percent. The domestic market access will be 30 percent in the case of equipment and 40 percent in the case of components and materials if the value addition is more than 25 percent; (iv) Though the EHTP unit will be free to choose its level of value addition, a higher value addition will be encouraged through the incentive of higher domestic market access. However, in the area of computer software there will have to be minimum value addition at 60 percent and the maximum market access will be only 25 percent.

According to Mr. Kumaramangalam, the value addition formula of the EHTP will be based only on the net foreign exchange earned. While an EHTP unit will be free to make more than one product and keep changing the product mix to meet the requirements of the market, the value addition and consequent domestic market access will be computed on the basis of total operation instead of product by product basis as was the case in the EPZ [Export Processing Zone]. For instance, a unit can combine hardware manufacture with computer software production.

All imports into EHTP including capital goods, raw materials and components will be duty free. When an item produced by the EHTP is sold in the domestic market, only 50 percent of the normal duty will be levied unless the item is on the negative list of imports in which case full duty will be levied.

Mr. Kumaramangalam said an order giving effect to some of the provisions would be issued by the Ministry of Commerce under the Foreign Trade (Development and Regulation) Ordinance 1992. The corresponding notifications would be issued by the Finance Ministry.

#### Standing Committee

The Minister announced that clearance for setting up the EHTP would be given by an interministerial standing committee with the Secretary, Department of Electronics as the Chairman. Clearances would be given within a fortnight. All tax and other benefits available to 100 percent EOU [expansion not given] and EPZ units would be available to EHTP units also.

Well known multinationals have already expressed a keen desire to set up EHTP units in India. Only yesterday, MNCs like Dell and Compact sought information about setting up units in India. At present it took about two years for an industry to be commissioned after receiving all clearances. The objective of the EHTP was to reduce the lead time to two weeks.

Asked if the multinationals would not use the facility for setting up entertainment electronics units, Mr. Kumaramangalam said "We are interested in components and they may be interested in consumer electronics. That is why we have allowed a mix." The Minister announced that the delicensing of the electronics sector was in the final stage of consideration.

#### National Target for Spring Harvest Set

93AS0083A Madras *THE HINDU in English* 25 Sep 92 p 9

[Text] New Delhi, Sept. 24—The national target for rabi has been fixed at 79.75 million tonnes, though States have agreed to work towards exceeding the target to 84 million tonnes. This was decided at the two-day National Conference of Agriculture for Rabi Campaign, 1992-93 held here.

While finalising the strategies for maximising rabi production, representatives from various States expressed satisfaction at the rainfall and moisture content in soil for meeting the rabi target. It was observed that despite erratic rainfall during 1991-92, new records in production of rabi rice, wheat, rabi pulses, rapeseed, mustard, sunflower and sugarcane were achieved last season.

Some States, however, were sceptical of meeting the target for next year in view of the recent increase in the price of phosphatic and potassic fertilizers. The Ministry of Agriculture has called a separate meeting of Chief Ministers to resolve various issues relating to distribution of fertilizers.

Reviewing the prospects for 1992 kharif production, the Conference observed that the production was likely to be about 100.6 million tonnes, which would be about seven million tonnes more than last year.

However, this was about two million tonnes short of the target. The shortfall was attributed to delay in the onset of south-west monsoon and deficient rainfall mainly in Bihar, and east U.P. [Uttar Pradesh] and its erratic behaviour in parts of Tamil Nadu and Andhra Pradesh.

Chairing the Conference, the Special Secretary (Agriculture), Mr. J.C. Pant said rice production during 1991-92 was estimated at last year's record level at 74.59 million tonnes.

Kharif prospects for oilseeds was likely to be more than 100 lakh tonnes, against last year's 89 lakh tonnes and cotton is estimated at about 115 lakh bales against last year's production of 98.4 lakh bales.

#### Excerpts From Reserve Bank Report on Economy

93AS0067A Madras *THE HINDU in English* 17 Sep 92 p 17

[Article: "The State of the Economy"]

[Text] Following are excerpts from the annual report of the Reserve Bank of India [RBI] assessing the state of the Indian economy in 1992-93 and outlining the prospects for the year.

While the year 1991-92 began with a crisis, swift action on many fronts produced, by the middle of the year, clear signs of a restoration of international confidence in the Indian economy as a result of the wide-ranging economic reform measures. A dramatic improvement in the country's foreign exchange reserves followed. In



contrast, the real concerns in 1992-93 centre on the need to bring about a revival in industrial and agricultural growth.

Two years of double-digit inflation, and the persistently strong growth of liquidity in the economy pose a dilemma for monetary management. The recent problem arising from irregularities in dealings in securities has focused attention on the financial sector. A satisfactory and early restoration of the fuller confidence in the functioning of banks and financial institutions is vital. Financial sector reform is still the need of the hour; the recent events serve to emphasise the importance of hastening the pace of reform.

Economic reforms in general, including trade, industry and fiscal reforms should be completed as quickly as possible. The causes leading to export shortfall, which contributed to a stagnation in industrial output in 1991-92, due to external factors like the break-up of the erstwhile Soviet Union and the recessionary conditions in major developed markets, continue to dominate the economic scene. Persistent inflationary potential, reflecting fiscal imbalance and monetary growth in a situation of shortages in certain sectors, makes macro-economic adjustment a more difficult task.

The country has embarked on a major structural system reform and the underlying rationale of the move from a command economy to an economy more responsive to market signals has essentially been to achieve greater economic efficiency. By and large, the macro-economic reform of the recent period has been managed satisfactorily though there are still serious concerns about the basic infrastructure and, moreover, there is still a hiatus between policy formulation and implementation of the ground level. These issues will undoubtedly need to be given greater attention if the reform process is to gather momentum.

#### **Agriculture**

The delayed southwest monsoon during the current year, which initially created considerable apprehensions about crop prospects, has turned out to be quite favourable as the season progressed. Out of 35 meteorological sub-divisions, the cumulative rainfall up to August 12 was excess/normal in 25 and deficient in 10 as against excess/normal in 24 sub-divisions and deficient in 11 during the same period of the previous year. Among the 10 sub-divisions which received deficient rainfall, in at least six, the deficiency has been moderate. Also, these six belong to States like Haryana and Uttar Pradesh with considerable area under irrigation. Foodgrains production is thus expected to show some improvement over the previous year's production of 169-171 million tonnes. Even so, the target for 1992-93, placed at 183 million tonnes, may be difficult to attain.

#### **Industry**

The stagnation of industrial output in 1991-92—after a growth of about eight percent per annum in the past decade—was far worse than expected in the context of

the stabilisation policies; in particular, the import compression measures, credit restraint, and fiscal adjustment leading to a reduction in public sector demand for goods and services, expectations regarding exchange rate changes and customs duty reductions, all contributed to slippages in production and investment activities.

The import-intensity of the economy, though generally low, has been higher than perceived and the import compression measures seem to have adversely affected output activities over a wide spectrum of industries.

Now that the reform measures have been clearly set out and the availability of imports, as also bank credit, has been fully restored, it could be expected that there would be a pick-up in industrial investment and output during the fiscal year 1992-93.

Corporate investment forecast, based on expected phasing of capital expenditures on all projects for which assistance has been sanctioned by major all-India term-financing institutions, suggests a sizable increase in such capital expenditures during 1992-93 as against a small decline in real terms in 1991-92. Industrial growth may also benefit from the expected improvement in exports.

Considering the demand recession experienced by a number of industries, and the weak recovery in overall output, it would be reasonable to expect that in 1992-93 industrial growth would be moderate at around 4-5 percent; a return to the trend rate of over eight percent could be expected only in 1993-94 after there is a full revival of industrial investment.

Overall, real GDP [Gross Domestic Product] growth during 1992-93 is expected to be around 3.5 percent which would be an improvement over the 1991-92 level of a little less than two percent.

#### **Inflation**

Demand management measures by themselves are insufficient to control inflation, especially in the short-term. Insofar as the general inflationary tendencies in the country are concerned, it is necessary to give clear signals to the commodity markets that the authorities would deploy, as the situation develops, a part of the foreign exchange assets for augmenting domestic supplies of key consumption goods particularly cereals and pulses. The recent decision to import wheat is an appropriate response in this context.

Three successive years of sharply above-trend inflation rates provide a serious danger signal for the economy. The Indian economy has been characterised by the virtue of lack of inflation tolerance. Continuance of a double-digit inflation rate in 1992-93 would signal a loss of sensitivity to high inflation rates. It is, therefore, necessary to consider the avowed objective of bringing down the inflation rate to eight percent in 1992-93 as the central objective of overall economic policy.

### Employment

A worrisome feature in the current macro-economic scene is the slow growth in overall employment opportunities. The social implications of adjustment, the equitable nature of the burden borne, will be determined by how soon and by how much employment will respond to increases in output. As the Planning Commission has brought out in its Eighth Five-Year Plan: 1992-97, a declining trend in employment elasticity with respect to GDP growth, combined with a gap between the addition to labour force and the increase in employment, has left behind a large backlog of unemployment. Estimates suggest that if the growth of overall employment remains only at around two percent per annum as in the recent past instead of three percent per annum as anticipated, the backlog of unemployment would grow from an estimated 23 million at the beginning of the Eighth Plan to 28 million at the end of the Plan. Until rapid and high economic growth takes care of the need for improving employment growth, special employment programmes for the unemployed and supplementary employment for the under-employed would need to be continued. In this context, the proposed linking of the PDS (Public Distribution System) with the IRDP (Integrated Rural Development Programme) would be a useful measure.

### Balance of Payments

Given various uncertainties, it is somewhat difficult to forecast the overall performance of the balance of payments in 1992-93. The trade with east European countries is yet to pick up although agreements have been entered into with a number of these countries. Exports to the General Currency Area in the April-June quarter of the year have shown an increase of 8.4 percent, their performance in the remaining months will depend as much on the environment in world trade as on the revival of industrial activity in the country.

With the freeing of imports and various reform measures put in place, a better performance on the export front is, however, expected in 1992-93 as compared with that in the previous year. On the basis of current trends, it appears that the country's balance of payments will continue to be under pressure with a current account deficit of \$6 to 7 billions. Keeping in view the possible inflow of capital from various sources, an exceptional financing need of the order of \$3 billions is envisaged.

Once import demand picks up, the pressure on reserves and hence on the free market exchange rate would begin to be felt. Also, there is the question of the domestic inflation rate which, in the context of the current macro-economic scene, continues to cause concern, although it has declined relative to the last two years experience. The time-table for introducing full convertibility of the rupee for current account transactions will have to be carefully chalked out keeping in view the macro-economic, including the budgetary, implications of such a decision.

### Projections for 1992-93

GDP growth	3.5 percent
Foodgrains production	183 million tonnes
Growth in industrial production	4-5 percent
Fiscal deficit	5 percent of GDP
Current account deficit	\$6-7 billion

### Statutory Cap on Govt. Borrowing

The Reserve Bank has been emphasising now for some years that its accommodation should take the form of only ways and means advances to the Central Government up to an agreed level which should be cleared at the end of each year. Excessive reliance on the net RBI credit to the Centre contributes to considerable monetary instability.

To ensure that the monetised deficit does not have deleterious effects on the economy, there is need for a law restricting the extent to which the Centre can run a deficit and moreover there should be a legal ban on the Government borrowing from all sources beyond a certain ceiling with a sub-ceiling on borrowing from the Reserve Bank. The upsurge in the Central Government's borrowing in the 1980s, the increase in the coupon rates on government securities and the compression of maturities, have given rise to a bunching of repayments and, unlike in the past, in the foreseeable future repayments could by far outstrip fresh loan floatations. It is in this context that it is necessary to consider the reintroduction of a Consolidated Sinking Fund to redeem the public debt. It is unfortunate that this salutary system of redeeming the Government debt was dispensed with; an early introduction of this system would go a long way towards establishing long-term viability of government borrowing.

To avoid disruption in the States' finances as a result of the operation of the States' Overdraft Regulation Scheme, which requires the Reserve Bank to stop payments of State Governments which run at overdraft for eight consecutive working days, there is a need to undertake a fundamental reform of State finances to ensure that the States do not have structural deficits. In the case of State Governments, there is a dilemma in that they bear the brunt of agricultural and rural expenditures, as also expenditures on social and economic infrastructures. Any severe and across-the-board curtailment of such expenditures could have a direct bearing on the process of development.

There is a greater scope for mobilising resources through non-tax revenues, particularly by improving the financial positions of the State departmental and non-departmental enterprises. For the three-year-period 1989-90 to 1991-92, the estimated losses of State electricity boards work out to over Rs [Rupees] 17,000 crores, and those of departmental commercial undertakings at Rs. 5,600 crores. In this regard, a percent initiative to strengthen the financial positions of the State electricity boards is an important step in the right

direction. While the agreement to impose a minimum electricity tariff for agricultural consumers, who have hitherto enjoyed a significant subsidy in this respect, is a welcome beginning, there are many more areas requiring similar attention. In particular, State transport corporations and departmentally-run irrigation projects have been incurring massive losses partly due to their inefficiencies of operation and partly due to uneconomic pricing policies. These and other fiscal issues no doubt call for systematic dialogue with State governments in the context of the stabilisation programme.

The root of the problem is the increasing revenue deficits of States which have then to finance them by borrowing at high cost. These costs in turn add to the revenue deficits leading to an explosive increase in debt. It is inevitable that given the Central Government's fiscal constraints, the States have to balance their revenue budgets with a modicum of transfers from the Centre. If this is not done, the fundamental disequilibrium in States' fiscal situation will continue.

#### **Lessons From the Scam**

The avowed objective of the Reserve Bank and the government of India is to restore confidence, both in India and abroad, in the country's financial system. The financial system would become stronger and much more efficient by undertaking appropriate follow-up measures in the light of the recent irregularities in the securities operations of banking and financial institutions.

An important issue relates to the impact of these irregularities on the reform process in the financial sector. These irregularities are not attributable to the process of liberalisation. It is necessary to note some of the facts about the process of liberalisation.

First, the policies of stabilisation and structural adjustment began towards the end of June 1991. Secondly, the liberalisation process so far has essentially been concerned with fiscal correction, industrial licensing, trade reforms, exchange rate adjustment and rectification of the balance of payments disequilibrium. Thirdly, the instruments of monetary policy were tightened in 1990-91 and the first half of 1991-92 more than ever before with the highest-ever interest rates on bank lending and severe restrictions on bank credit so as to restrain aggregate demand in the economy in general and import

demand in particular; moreover, the traditional instruments of reserve requirements were used as major tools of policy during this period.

It is pertinent to note that the financial sector reform is intended to enforce better financial discipline. A link between financial liberalisation and irregularities in securities dealings would thus not be tenable. Finally, it is significant to note that all types of banks and financial institutions—public, private, foreign and cooperative—have been involved in the recent episode.

With the vast growth and diversification of the financial system, which has been facilitated by a series of policy initiatives taken during the past few years, the system has now entered a phase of development where further progress is possible only if its efficiency, productivity and profitability are considerably and rapidly improved.

The medium-term objective is to put in place a credible and coherent system of financial sector reform. It is, therefore, important that the recent episode, though an unfortunate one, does not put back the clock of reforms. As the Narasimham Committee has emphasised, the deficiencies in the financial system are structural and a vibrant and competitive financial system is necessary to sustain the ongoing reform process to remove structural impediments in the real economy.

#### **RBI's Goal**

With the shift in emphasis of monetary policy instruments away from reserve requirements, it is essential that interest rate policy is used actively to control monetary expansion and thereby to control inflation.

The interest rate policy has played a central role along with the stable exchange rate policy in reversing the leads and lags and this has been an important factor in the sharp recovery of the country's foreign exchange reserves. As such there is a need to persevere with the present lending rates until monetary expansion slows down and there is an enduring reduction in the inflation rate.

Monetary policy during 1992-93 has the unenviable task of bringing about a drastic reduction in overall liquidity without curtailing the resources available for reviving economic activity.

While there are always multiple objectives ultimately the mission of the Reserve Bank has to be to steer monetary policy with its sights set firmly on inflation control.



### Official Lauds Terms for CIS Weapons Purchase

93AS0068A Bombay THE TIMES OF INDIA  
in English 28 Sep 92

[Article: "CIS Weapons May Be Better Buy"]

[Text] New Delhi, September 27. The disintegration of the erstwhile Soviet Union may help India procure better armaments and defence equipment from that region, according to Lt.-Gen. R.K. Mehra, director-general quality assurance (DGQA), ministry of defence.

Now since India has dollar trade with the Commonwealth of Independent States (CIS), the country will have a right to inspect the arms and ammunition before placing the orders—something which was not possible earlier, said Gen. Mehra.

Although the defence suppliers will be the same as earlier, "but now least we will be able to choose the equipment as per our requirements," Gen. Mehra told the press on the occasion of the DGQA day which will be celebrated on September 27.

Besides ensuring quality of items inducted into the army, navy and the air force, the DGQA plays a vital role in achieving self-reliance in defence production.

It is responsible for quality assurance of defence equipment produced by ordnance factories, public sector undertakings, private industry and equipment acquired ex-import. The responsibilities of the organisation also include import substitution and indigenisation of imported equipment and spares.

Gen. Mehra said defence stores worth Rs [Rupees] 4,500 crore are to be inspected by the DGQA in 1991-92, out of which equipment worth Rs 200 crore came from private producers.

The organisation has over 100 field quality assurance establishments in all the major industrial cities. It has set up technical committees of each technical discipline which carry out vendor survey of potential manufacturers of defence equipment, and guide them to establish indigenous production of imported items.

Some of the areas where the DGQA has assisted in indigenisation of a number of high-tech equipment such as passive night vision devices, sophisticated optoelectronic fire control systems and complex marine equipment for corvette class of ships, as well as composite materials required for missiles, and large variety of fuels, oil and lubricants.

### Work of Aircraft Systems, Testing Unit Told

93AS0085A New Delhi PATRIOT in English 21 Sep 92  
p 5

[Text] Bangalore, Sept 20—If and when any indigenously-developed weapons platform like the light combat aircraft (LCA) or airborne early warning (AEW) plane joins the IAF [Indian Air Force] fleet it would be because the Aircraft and Systems Testing Establishment [ASTE] says it fits the bill.

Situated in a city which by dint of the presence of HAL [Hindustan Aeronautical Laboratory] and the National Aeronautical Laboratory, is the hub of aeronautics in India, it is ideally located to interact with these institutions to help produce test and set down stringent parameters for every airborne system that is and will be in Indian airspace.

ASTE has already validated 100 parameters for an indigenous airborne early warning (AEW) aircraft using the HS 748 Avro transport aircraft as a test bed. It has been fitted and flown with an elliptical radome.

The Advanced Light Helicopter (ALH) which recently did its maiden hover flight and the ongoing LCA project have seen ASTE participation from the design stage to ensure that they conform to IAF requirements.

Every equipment and munition (all of which are becoming more precision-guided and therefore, exorbitantly expensive by the day) whether imported or indigenously developed by the Defence Research and Development Organisation (DRDO) is first tested by ASTE before it is inducted into service.

In collaboration with the Instruments and Systems Integration Organisation it has developed a complex third generation navigation and attack (navattack) system for the Jaguar which makes it an even more potent weapons delivery platform than its manufacturers envisaged.

Other force multiplier munitions like cluster bombs and large calibre rocket pods, the upgradation of the anti-tank missiles on the Cheetah helicopter and retarder bombs for runway destruction have had the benefit of ASTE scrutiny and expertise.

Commanded by Air Commodore P. Rajkumar ASTE is divided into four groups: flight testing and evaluation; training of test pilots and engineers; project management in association with national laboratories and in-house research; and the administrative and logistical wing.

The Experimental Flight Test School is only one among six (United States, U.K., France, Russia and China) in the world and is now in a position to take in foreign students as well. The cost of training one test pilot runs into millions of rupees and is a potential foreign exchange earner.

Two new projects have been added recently—an optical tracking system and Aviation Software Development Institute. The latter has already developed a VCR based data bank which has already resulted in a saving of several lakhs of rupees.

### Mechanized Infantry Cited as Army Asset

93AS0084A Bombay THE TIMES OF INDIA  
in English 26 Sep 92 p 8

[Article by Amit Dasgupta; quotation marks as published]

[Text] Ahmednagar, September 25—The youngest regiment of the Indian army, the mechanised infantry, has come of age to perform a vital function for the army. By



the end of the next year it shall be able to play a decisive role in any ground battle. Raised in March 1979, through the efforts of the then army chief, General K. Sundarji, the mechanisation of the infantry has given more teeth to the army. Believing that the infantry should ideally be as mobile as the armoury and yet be able to survive ground firing independently, NATO and Warsaw Pact countries had already raised such units way back in the 50s.

The process of mechanising the Indian infantry began in 1969. Fourteen of the oldest battalions of the army with outstanding war records, were drawn upon for the conversion. To give them a distinct identity in keeping with their operational role they were amalgamated into one regiment—the mechanised infantry regiment—and based at the traditional home of Indian cavalry at Ahmednagar.

To begin with, the mechanised infantry was equipped with combat vehicles like the six-wheeled skott and topaz which were essentially armoured personnel carriers, but with comparably low fire power. Later, the Soviet made track-driven BRDMs and BTR-60s were inducted.

"We are now phasing out these 'battle taxis': giving them away to the signals, supply and medical corps," informs Colonel Vijay Sawami. Today the mainstay of the mechanised infantry is the Russian-made BMP I and II, both track-driven by 285 HP diesel engines and heavily armour protected. "They can climb 35 degree inclines at full load and do nearly 90 kms an hour," claims Colonel Sawami, who has a reputation of being 'devil of a driver'.

A demonstration of the firepower of the BMPs in an awesome sight. While the BMP I has a 73 mm smooth bore cannon. The BMP II has a shorter 30 mm cannon, both capable of delivering nearly 800 rounds per minute.

While the sheer rate of fire keeps the enemy's head down, accurate high-explosive armour-piercing shots can penetrate up to two inches of steel within a range of four kilometres.

"In fact, the BMPs are pretty effective against helicopter gunships also," adds Colonel Rawat, deputy commandant of the mechanised infantry regimental centre (MIRC) at Ahmednagar.

But it is the missiles which have given the mechanised infantry the real edge. The BMPs are fitted with launchers which fire the Soviet-made malutkas. These compact little anti-tank missiles had halted the Israeli advance during the Yom Kippur war.

The BMPs also use the French konkurs and the American faggot missiles. While the konkurs has now been indigenised, the BMP IIs are also being equipped to fire these missiles. However, all three missiles are of the first generation variety and are wire-guided either manually or optically.

"We are awaiting fitment of the indigenous nag anti-tank missiles. There are third generation, laser-guided, fire and forget missiles," informs brigadier Pritam Singh, commandant of the MIRC. "With such equipment we will be among the best mechanised infantries of the world," he claims. The mechanised infantry is now testing the nag missiles and will induct them by the end of the next year.

However, it is the men behind the machines and their training and motivation which is all important. The MIRC, Ahmednagar, spread over 2,000 acres, is the training ground for fresh soldiers. After a gruelling 33-week basic training session the men are allowed to become drivers, gunners or radio operators after knowing their attitudes.

"We ensure that even a 10th class pass holder is able to take decisions in the thick of the battle," reveals Brigadier Pritam Singh.

With the induction of Milan launchers, infra-red night sighting devices, state-of-the-art electronic target acquisition equipment and sophisticated simulators for training, the mechanised infantry has become an additional asset for the Indian army.

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